

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7028

Introduced by **Representative Stella Luz A. Quimbo**

EXPLANATORY NOTE

Last June 5, the Philippine Statistical Authority announced that the unemployment rate has reached 17.7 percent, the highest level recorded in the last six decades. The COVID-19 pandemic which caused the massive displacement of workers underscores the importance of a national unemployment insurance program, which aims to provide cash assistance to displaced workers to prevent substantial reductions in consumption levels caused by job loss and support for job search activities.

The Philippine Labor Force

The Philippine labor force, defined as the population 15 years old and above who are either employed or unemployed, consisted of about 45 million individuals as of January 2020. Given the extraordinary economic conditions today, where business and worker confidence is low, the current labor force is about 6.8 percent smaller than what it was in April 2019. The total number of employed and unemployed individuals as of January 2020 was about 42.653 and 2.39 million, respectively.

The unemployment rate had been steadily declining, from 7.4 percent in 2010 to 5.1 percent last year (see Figure 1). Due to the effects of the COVID-19 pandemic, the current unemployment rate is abnormally high, and could remain so unless government takes swift and appropriate action to reverse this trend. The increase in unemployed individuals increased by about 4.86 million from January to April 2020.

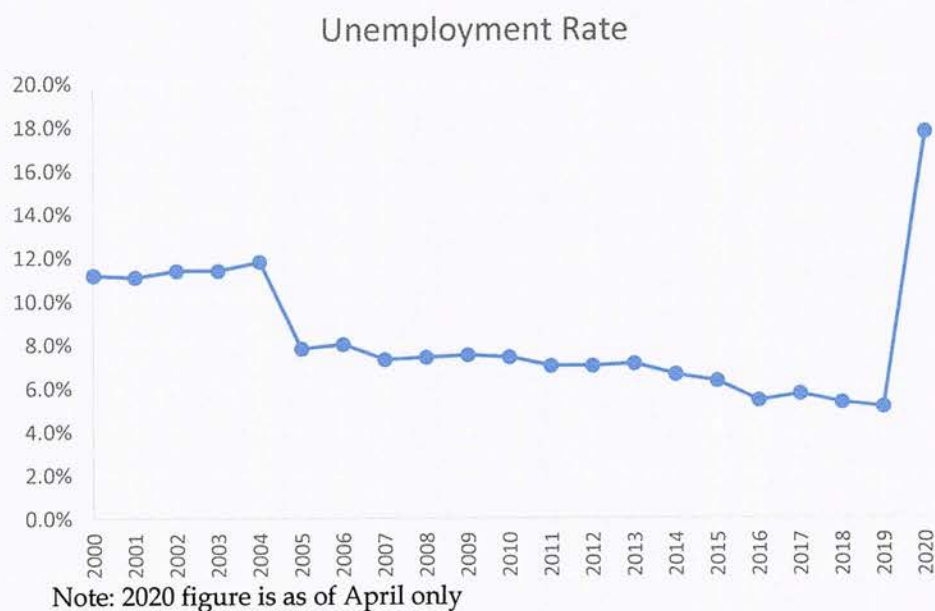


Figure 1. National unemployment rate by year¹

The behavior of the unemployed prior to the COVID-19 pandemic can be described as follows. Based on the 2016 Labor Force Survey, about 2.96% of the labor force or 41% percent of the unemployed were in the process of active job search at time of interview. The average period of time that these individuals had been in the process of job search, as of the time of the interview, is four (4) weeks. About 96% of the jobseekers had been engaged in job search for a maximum of twelve (12) weeks. Moreover, as shown in Figure 2, college undergraduates and graduates account for close to 50% of all jobseekers. Individuals who had been in the job search process for over four (4) weeks also tend to be the better educated, indicating their willingness to wait for better job opportunities.

¹ Data sourced from the Philippine Statistics Authority

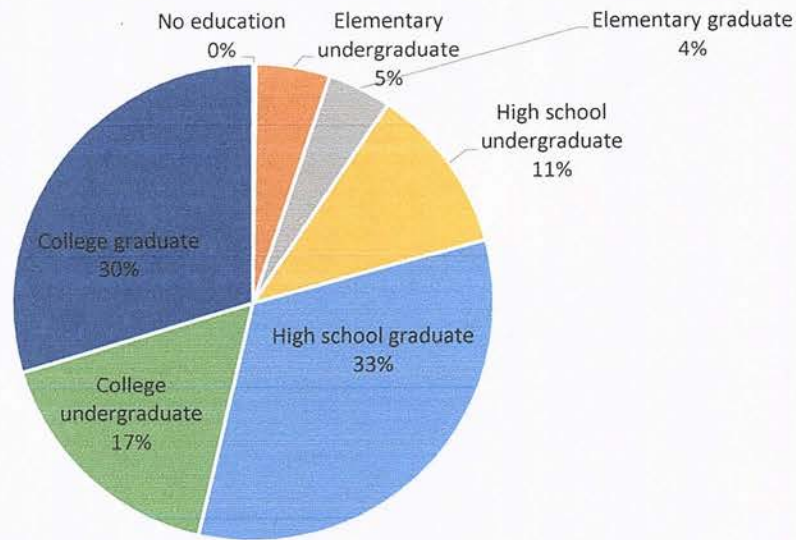


Figure 2. Distribution of Jobseekers, by highest educational attainment

Table 1 shows the profile of Filipino workers, by type of employment. Of the 41.75 million workers, wage and salary workers constitute the biggest sub-group (63.8 percent). About half of all workers (50.2 %) are employed in private establishments, and of these, only 43% work for registered establishments, indicating that many belong to the informal economy and are not captured by social protection programs.

Another noteworthy observation is that 27.2 percent of private employees are non-regular workers, which includes workers under fixed-term contracts, known as “endo” contracts. From Table 1, there are at least 3.499 million of these “endo” workers (i.e., casual and contractual/project-based), excluding the “endo” workers that are agency-hired and are deployed to private firms through service contracts. Using data from the Integrated Survey on Labor and Employment (ISLE) of the Philippine Statistics Authority, there were 691 thousand agency-hired workers in 2016.

Table 1. Number of Workers, by type of employment²

Wage and salary workers	26,658,741
Worked for private household	1,787,466
Worked for private establishment	20,980,482
Regular workers	15,283,052
Non-regular workers	5,697,430
Probationary workers	1,705,626
Casual workers	762,133
Contractual/project-based workers	2,737,156
Seasonal workers	385,954
Apprentices/learners	106,561
Worked for government or government corporation	3,784,039
Worked with pay in own family operated farm or business	106,755
Self-employed without any paid employee	11,411,892
Employer in own family-operated farm or business	1,125,821
Worked without pay in own family-operated farm or business (Unpaid family worker)	2,558,361
TOTAL	41,754,815

Objectives of Unemployment Insurance

Unemployment insurance programs seek to protect individuals against the risk of income loss caused by job loss, and provide support during the period of job search while maintaining incentives to proceed with job search. In determining the optimal amount of unemployment insurance, an important consideration is the moral hazard effect of unemployment benefits, i.e., the weakening of job search intensity caused by the receipt of unemployment payouts. Other factors include the average duration of unemployment spells, including institutional factors.

Thus, unemployment insurance performs two roles. First, it smoothens consumption of individuals across periods of employment and unemployment, and prevents individuals from falling into episodic spells of poverty. Second, it performs a productivity-enhancing function (Weber 2010). In periods of economic decline, unemployment insurance "stores" idle labor outside the production process and restores it back to the production process at higher productivity levels when the economy has recovered, capacity is restored, and after job search has improved the employer-employee match. Moreover, in situations where firms repurpose capital or revise their business strategies, requiring the downsizing of their workforce, the

² Source of basic data: Labor Force Survey and the Integrated Survey on Labor and Employment

presence of unemployment insurance facilitates such productivity-improving steps taken by firms.³

Unemployment Benefits in the Philippines

The Social Security System (SSS) and the Government Service Insurance System (GSIS) provide social security benefits including unemployment benefits to private and public sector employees, respectively. Based on the 2016 Annual Poverty Indicator Survey, of the 23.9 million workers in the private sector, 8.65 million reported that they were SSS members (36.2 percent). On the other hand, the same survey indicates that of the 3.81 million government workers, 2.26 million (59.3 percent) reported having GSIS membership.

SSS members are entitled to “unemployment insurance or involuntary separation benefits” amounting to 50 percent of the average monthly salary credit for a maximum of 2 months as provided in Section 14-B of Republic Act No. 11199,⁴ or about 10,000 pesos per month. On the other hand, for GSIS members, Section 12 of Republic Act No. 8291 provides similar unemployment benefits in the form of two monthly payments equivalent to 50 percent of the average monthly compensation.

The eligibility requirements for unemployment assistance under the SSS program include:

- a. A member is not over 60 years old;
- b. A member must have paid contributions to the SSS for at least 36 months, with at least 12 payments remitted in the last 18 months immediately preceding involuntary separation from work;
- c. A member must not have received an unemployment benefit in the three years prior to involuntary unemployment or separation; and
- d. A member must have been involuntarily separated from employment provided that such separation did not arise from fault or negligence of the employee and which may be attributed to any of, but not limited to, the following: (a) installation of labor-saving devices; (b) redundancy; (c) retrenchment to prevent loss; (d) closure or cessation of operation; or (e) disease/illness.

³ Carter, et al. 2013. International Labour Organization. https://www.ilo.org/wcmsp5/groups/public/--asia/--ro-bangkok/documents/publication/wcms_229985.pdf

⁴ Based on RA 11199, for the year 2020, the maximum monthly salary credit is 20,000 pesos.

Based on Section 283 of the Labor Code, job losses due to serious business losses or closure brought about by natural disasters and economic downturns are also considered as "involuntary separation." Specific circumstances of "involuntary separation" are also found in cases decided on by the Department of Labor and Employment such as the case of *Luis Doble v. ABB, Inc/Initin Desai*.⁵ In addition, workers who stopped reporting for work due to serious insult by the employer or his representative on the honor and person of the employee, inhumane and unbearable treatment, the commission of an offense or crime against a worker or his family, and similar situations can likewise qualify for unemployment assistance. Finally, the benefit applies to all private sector workers, including household helpers and overseas Filipino workers who were laid off, terminated, or involuntarily separated from their work.

Other programs that provide unemployment benefits in the Philippines are identified in Weber (2010):

- Under Presidential Decree No. 422 or the Labor Code of the Philippines, employers are obliged to pay severance pay amounting to one month or at least one month pay per year of employment when an employment is terminated due to closure of establishment, reduction of personnel, or when an employee has been found suffering from a disease where his continued employment is prejudicial to his health and to that of his co-employees.
- Workers who are members of the Pag-IBIG fund are entitled to a loan up to 80 percent of accumulated savings as bridge financing for a period of unemployment
- Assistance on job facilitation are available for unemployed workers at Public Employment Service Offices found in every city and municipality.

The need for a National Unemployment Insurance Program

From January to April 2020, 4.864 million Filipinos lost their jobs. By the end of April, there were 12.97 million who had jobs but were not at work, largely due to forced business closures during the lockdown. Many of these 12.97 million workers are also at risk of job loss, owing to liquidity constraints faced by their employers by the end of the lockdown. This massive number of actual and potentially laid-off workers cannot be supported by the current programs providing unemployment assistance. The amount of assistance is limited, and the coverage of the programs is even more limited.

The current system of providing unemployment benefits can be described as:

⁵ *Doble v. Desai*, G.R No/ 215627, June 5, 2017.

- Fragmented: multiple agencies are involved in the provision of unemployment benefits
- Non-inclusive: government workers who are on a fixed term and contractual are not GSIS-covered; informal workers are excluded from any government program providing unemployment support; OFWs have special programs under the OWWA but only relief assistance to displaced/laid off OWWA members;
- Limited: a cross-country comparison shows that unemployment benefits available to Filipino workers are lower compared to its income comparators, particularly because unemployment benefits for private workers in the Philippines are capped at about minimum wage, whereas in other countries, benefits are based on actual pay (see Table 3). Moreover, there are limited mechanisms for intertemporal risk pooling, and no capacity to insure against unemployment of a massive scale.

Overall, the current system of unemployment assistance is unable to efficiently provide a sufficient scale of social protection for workers, especially when the causes of job loss are exogenous shocks of massive scale and causing a general economic downturn. Without a national unemployment insurance program that can pool risks of job loss and mobilize resources effectively, job losses arising from natural disasters, pandemics, and general economic downturns can cause sharp increases in poverty incidence. And because poverty has inter-generational impacts, without a national unemployment insurance program, development gains achieved by the government can easily be lost with exogenous economic shocks.

The proposed National Unemployment Insurance Program

This bill proposes the institutionalization of a National Unemployment Insurance Program which seeks to protect workers from the risk of substantial income loss and consumption reduction caused by job loss, at no fault of the worker by providing unemployment benefits for a period of time during which the unemployed individuals look for new jobs. The key features of the program are as follows:

- Compulsory participation by individuals who are formally employed in the private and public sectors;
- Voluntary participation by the self-employed and informal sector, encouraged through incentives;
- Progressive, income-based premium contributions;

- Shared premium contributions among the government, employer, and employee;
- Basic unemployment insurance benefits limited to at most 3 monthly payments, each payment equivalent to 80 percent of the worker's basic pay prior to separation from work;
- Additional benefits in the form of training, training allowances, and job counselling for the unemployed;
- Monitoring mechanisms to minimize adverse systemic effects such as moral hazard;
- The creation of a Philippine Job Insurance Corporation ("PhilJobs"), tasked to administer and implement the National Unemployment Insurance Program and designed to be administratively lean and efficient;
- The designation of SSS as the Interim Program Manager for a maximum of the first 5 years of the program existence;
- The creation of an Endowment Fund which will fully subsidize premium contributions for workers and employers on the first year of Program operations, as a form of economic stimulus; and
- The creation of a Reserve Fund which will perform, inter alia, the intertemporal risk pooling and allow sufficient benefit payouts during infrequent spells of massive unemployment.

A program with the above salient features is needed to increase the resilience of the Philippine economy. The COVID-19 pandemic has shown that workers are vulnerable to substantial reductions in income and the risk of falling into poverty. Moreover, the COVID-19 experience has shown that government dole-out programs are an inefficient way to provide social protection, especially if on a massive scale.

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

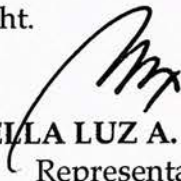

STELLA LUZ A. QUIMBO
 Representative
 Second District, Marikina City

Table 3. Unemployment insurance schemes in select ASEAN countries (continued)

Country	Coverage	Eligibility	Contributions	Benefits	Duration
Vietnam	Covers employees with permanent or open-ended contracts, for employers with at least 10 employees, including both private and state enterprises. Public service units and armed forces also covered.	Paid contributions for at least 12 months within the last 24 months Registered for unemployment with the Employment Service Centre. Applied for insurance benefits within 15 working days since registration. Jobless for 15 working days after registration. Not in receipt of pension.	3% of earnings, shared equally between employer, employee, and government	60% of the average contributory earnings over the last 6 months, limited to 20 times the value of the minimum wages. Treatment same for involuntary or voluntary.	Varies from 3 to 12 months, depending on length of prior insured employment
Philippines	Private employees covered through SSS, public employees covered through GSIS	SSS: Paid at least 36 contributions, 12 of which must be from the last 18 months; unemployment due to involuntary separation; not over 60 years of age GSIS: Paid contributions for at least 1 year but less than 15 years prior to separation; unemployment due to involuntary separation (abolition of position or reorganization)	SSS: Included in overall SSS premium, 12% of monthly salary credit (8% from employer, 4% from employee) GSIS: Included in GSIS integrated premium, based on monthly compensation (12% from employer, 9% from employee)	SSS: 50% of monthly average salary credit, maximum of P10,000 GSIS: 50% of average monthly compensation in the last 3 years	SSS: 2 months, once every 3 years GSIS: 2 months up to 6 months depending on number of prior contributions, where those entitled to more than 2 months shall receive two months' worth of benefits in the first payment

Table 3. Unemployment insurance schemes in select ASEAN countries⁶

Country	Coverage	Eligibility	Contributions	Benefits	Duration
Malaysia	All employees employed under a contract of service or apprenticeship with an employer are covered, whether oral or in writing; but casual workers, public sector workers, domestic workers are excluded.	Minimum 12 months of contribution (varies depending on number of claims) Unemployment due to the following reasons: retrenched, resigned under a voluntary separation scheme, constructively dismissed, resigned due to threat to family or sexual harassment, resigned due to command to perform work outside scope of work which endangers safety, resigned due to force majeure, closure of workplace due to natural disaster, bankruptcy of workplace	0.4% of pay, shared equally between employers and employees, up to MYR 4,000 per month	Job search allowance: 80% of covered wages the first month, 50% the second, 40% the third and fourth, and 30% the fifth and sixth months. Also offers early re-employment incentive, training allowance	Job search allowance: Minimum of 3 months, up to 6 months
Thailand	All private sector workers are covered, except farmers, domestic workers, and those with pre-2004 benefit schemes	At least 6 months of contributions in the last 15 months Termination must not be due to job violation, criminal act, or illegal act Must be registered with Employment Office	1% of earnings, shared equally between employer and employees, with a cap on monthly maximum Plus 0.25% of earnings from government	50% of insured earnings, based on the highest paid 3 months in the last 9 months before job loss, capped at a maximum daily benefit If voluntary, rate is 30%	Up to 180 days for involuntary, up to 90 days for voluntary

⁶ From Carter, et. al. (2013) and information from government websites

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7028

Introduced by Representative Stella Luz A. Quimbo

**AN ACT INSTITUTING A NATIONAL UNEMPLOYMENT INSURANCE
PROGRAM FOR THE PHILIPPINES AND APPROPRIATING FUNDS THEREFOR**

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

1 **SECTION 1. Short Title.** This Act shall be known and cited as the "PhilJobs Act of
2 2020"

3 **Chapter I. Guiding Principles and Objectives**

4 **SECTION 2. Declaration of Policy.** It shall be the policy of the State that labor is
5 affirmed as a primary social economic force. As such, the State shall protect the rights of
6 workers and promote their welfare. During episodes of unemployment, the State shall
7 provide assistance to displaced workers to ensure that consumption levels are not
8 substantially reduced and that sufficient resources are available for job search or the
9 identification of alternative means of livelihood. The purpose of unemployment
10 insurance is to provide temporary and partial income replacement to insured persons
11 who lose their jobs while they seek to obtain new employment.

12 **SECTION 3. Guiding Principles.** - In pursuit of a National Unemployment Insurance
13 Program, this Act shall adopt the following guiding principles:

- 14 (a) Universality: provide all workers with assistance in the event of job loss, by
15 temporarily replacing a portion of lost wages;
- 16 (b) Income smoothing: ensure that all workers will not face substantial reductions in
17 the consumption of goods for subsistence, especially during a period of
18 unemployment;

- 1 (c) Job search support: support displaced workers during job search while
2 minimizing the moral hazard effects of unemployment benefits on job search
3 efforts;
- 4 (d) Efficiency: effectively utilize available funds and ensure fund viability at all
5 times;
- 6 (e) Progressivity: premium contributions will be based on ability to pay, as benefits
7 will be based on earnings as of the time of involuntary separation; and
- 8 (f) Social solidarity: a whole-of-nation approach will be taken to attain the policy
9 goals of this Act, including risk-sharing among workers with different
10 employment status and a pro-active role of government in providing social
11 protection for workers.

12 **SECTION 4. General Objectives.** This Act seeks to:

- 13 (a) Provide all workers in the Philippines with a mechanism to protect them from
14 the risk of income loss and consequently, consumption reduction when one is
15 involuntarily separated from a job, and to provide support for job search;
- 16 (b) Create the National Unemployment Insurance Program (hereafter referred to as
17 the "Program") to serve as the means to assist workers during an episode of
18 unemployment;
- 19 (c) Establish the Philippine Job Insurance Corporation (PhilJobs, hereafter referred to
20 as the "Corporation") that will administer the Program and ensure its continued
21 long-term effectivity and viability.

22 **Chapter II. Definition of Terms**

23 **SECTION 5. Definition of Terms.** For purposes of this Act, these terms are defined as
24 follows:

- 25
- 26 (a) *Board* - refers to the Board of Directors of the Corporation;
- 27
- 28 (b) *Contribution* - the amount payable to the Fund by the government, member, and
29 employer in accordance with Section 9 of this Act;
- 30
- 31 (c) *Employee* - includes any person who performs services for an employer in which
32 either both mental or physical efforts are used and who receives compensation
33 for such services; where there is an employer-employee relationship; *Provided,*
34 That a self-employed worker shall be both the employee and employer at the
35 same time;
- 36

1 (d) *Employer* - any person, natural or juridical, domestic or foreign, who carries on in
2 the Philippines any trade, business, industry, undertaking, or activity of any kind
3 and uses the services of another person who under his or her orders as regards
4 the employment. For purposes of this Act, employer includes national
5 government agencies, political subdivisions, local government units, branches,
6 instrumentalities, and government owned and controlled corporations;
7

8 (e) *Eligible employee* - any member as defined herein who lost his or her gainful
9 occupation through no fault of his or her own, is able and available to work, is
10 actively seeking work, and has paid the minimum number of contributions as
11 provided for in Section 15 (b) of this Act;

12 (f) *Formal sector employees* - workers with specific working hours and regular wages,
13 wherein the worker's job is assured. These workers are employed by national
14 government agencies, instrumentalities or government owned and controlled
15 corporations or private sector enterprises and their employment is subject to
16 standard labor legislation, taxation, social protection or entitlement to certain
17 employment benefits;

18 (g) *Gainful occupation* - any productive activity that provides an employee as defined
19 herein with income;

20 (h) *Informal sector workers* - those whose employment is not subject to standard labor
21 legislation, taxation, social protection or entitlement to certain employment
22 benefits such as but not limited to advance notice of dismissal, severance pay,
23 paid annual or sick leave, for reasons, such as but not limited to, the worker or
24 his or her job are undeclared; the job is casual or of a limited short duration; the
25 hours of work or wage are below a certain threshold; or the employer is an
26 unregistered enterprise;

27 (i) *Involuntary separation* - separation of a worker from employment or pre-
28 termination of a contract of employment without his or her consent and without
29 cause by the worker, for reasons including but not limited to installation of labor-
30 saving devices, redundancy, retrenchment to prevent losses or the closing or
31 cessation of operation of the establishment; disease as ground for termination;
32 and termination by employee, as provided for by Articles 283, 284, and 285 of
33 the Labor Code of the Philippines, or abolition of office or position or other
34 similar cases for government employees occupying plantilla positions,
35 respectively, or separation due to significant economic downturn or natural or
36 human-induced calamities/disasters.

37 In the case of probationary employees, pre-termination of contract by the
38 employer for reason/s other than the failure to meet regularization standards, as
39 indicated in the employment contract, is not considered involuntary separation

1 under this Act, except in the case of significant economic downturn or closure of
2 the employer's business;

3
4 (j) *Member* - any worker who is an existing and current member of the Government
5 Service Insurance System (GSIS) or the Social Security System (SSS) upon the
6 effectivity of this Act or any worker who is not a member of the same but shall
7 register with the Program. Member registration can either be compulsory or
8 voluntary;

9 (i) *Compulsory member* - refers to any formal sector employee, receiving
10 compensation while in the service of an employer as defined herein, whether the
11 premiums have been paid successively or intermittently. Any member separated
12 from employment and any member who becomes self-employed may opt to
13 continue paying contributions as a voluntary member;

14
15 (ii) *Voluntary member* - includes informal sector workers, self-employed, and
16 previously compulsory members who have become self-employed. Voluntary
17 members become compulsory members once they are employed by employers as
18 defined herein;

19
20 (k) *Program Manager*- refers to Interim Program Manager as provided in Section 8 of
21 this Act or the Corporation as provided in Section 18 of this Act;

22 (l) *Unemployment Insurance Benefit Payments* - benefits in the form of monthly cash
23 payments as provided for in Section 16 of this Act.

24 Chapter III. The National Unemployment Insurance Program

25 **SECTION 6. Establishment of the Program.** There is hereby created a National
26 Unemployment Insurance Program which shall provide assistance to workers during
27 periods of unemployment to ensure that consumption levels are not substantially
28 reduced and that sufficient resources are available for job search or alternative means of
29 livelihood.

30 **SECTION 7. Coverage.** The Program shall cover all employees as defined in Section 5
31 of this Act. All SSS and GSIS members are automatically covered by the Program.
32 Workers who are neither SSS nor GSIS members, including but not limited to, workers
33 in the informal sector shall be encouraged to join the Program through innovative
34 approaches to be undertaken by the Program Manager, including information
35 campaigns and the provision of incentives.

36 SSS and GSIS shall transfer membership data to the Program Manager upon execution
37 of a data sharing agreement in compliance with the requirements of the Data Privacy
38 Act of 2012.

1 Each member shall be assigned a unique PhilJobs number. For this purpose, the
2 membership data from the SSS and GSIS shall be used for verification purposes of
3 members.

4
5 The Corporation shall incorporate in their identification systems and databases the PSN
6 of covered individuals as provided in Section 6 of the Philippine Identification System
7 Act.

8 **SECTION 8. Interim Program Manager.** The SSS shall manage the Program until five
9 (5) years after the effectivity of this Act, or until such time when the Program has
10 demonstrated financial viability, whichever is earlier.

11 As Interim Program Manager, the SSS shall perform the powers and functions in
12 Section 20 of this Act until such time that the Program is transferred to the Corporation.

13 **SECTION 9. Contributions.** It shall be compulsory for the national government,
14 members and employers to contribute to the Fund in accordance with a reasonable,
15 equitable and progressive contribution schedule, to be determined by the Program
16 Manager on the basis of applicable actuarial studies and in accordance with the
17 following guidelines.

18 The national government, employers, and employees shall equally share compulsory
19 premium contributions.

20 The risk-rated premium computations shall take into account factors such as: (i) the
21 probability of job loss, (ii) salary level, (iii) the program administration costs, and (iv)
22 type of employment, as follows:

23 (a) Formal sector employees, regardless of tenure status, shall pay monthly
24 contributions based on a contribution schedule to be actuarially determined by
25 the Program Manager: *Provided*, that their monthly contributions shall not exceed
26 one and one-half percent (1.5%) of their respective monthly salaries;

27 (b) Contributions from self-employed employees shall be based primarily on their
28 reported earnings; their monthly contributions shall not, however, exceed one
29 and one-half percent (1.5%) of their estimated actual net monthly income for the
30 preceding year;

31 (c) Contributions made by informal sector workers for the first year of membership
32 shall be lower than the minimum contributions set for formally employed
33 workers, as a form of incentive to formalize their employment.

34 A cap for maximum premium contributions shall be set by the Program Manager, to be
35 actuarially determined.

1 For the first year of Program implementation, the rate of monthly contribution is as
 2 follows:

Salary Level	Private Employees				Government Employees			
	Monthly Contribution Rate	Monthly Government Share	Monthly Employer Share	Monthly Employee Share	Monthly Contribution Rate	Monthly Government Share	Monthly Employer Share	Monthly Employee Share
Up to 125,000 pesos	1/12 of 13.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 13.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 4.5% of basic pay	1/12 of 4.5% of basic pay
Greater than 125,000 pesos	1,395 pesos	465 pesos	465 pesos	465 pesos	1,395 pesos	465 pesos	465 pesos	465 pesos

3 Unemployment insurance benefits under existing SSS and GSIS programs shall be
 4 integrated with the Program created under this Act. SSS and GSIS shall continue the
 5 provision of unemployment insurance benefits to classes of workers that are not
 6 covered by this Act.

7 **SECTION 10. Duty to Contribute and Remit to the Unemployment Insurance Fund.**
 8 Premium contributions to the Fund shall be remitted by employers within ten (10) days
 9 from the end of each month. The member's employer shall contribute one-third (1/3) of
 10 each premium contribution at no cost to the member, and shall withhold one-third
 11 (1/3) of the premium contribution from the member's monthly compensation. The
 12 employer's obligation to remit to the Fund shall begin on the member's first month of
 13 employment. The government's share of total contributions shall likewise be released to
 14 the Fund within ten (10) days from the end of each month.

15 The employer shall include in its annual appropriation the necessary amounts for its
 16 share of contributions indicated above.

17 **SECTION 11. Incentives for Job Search.** In determining the structure of premium
 18 contributions and benefits, the Program Manager shall introduce mechanisms that
 19 optimize incentives for job search, including but not limited to, the granting of
 20 additional cash allowances if job search is completed prior to 90 days after involuntary
 21 separation from work and the establishment of mechanisms for the monitoring of job
 22 search by displaced workers.

23 **SECTION 12. Endowment Fund.** To provide a source for the initial funding of the
 24 Program under the administration of the Interim Program Manager, there is hereby
 25 established an Endowment Fund which shall be self-sustaining and shall subsequently

1 consist of premium contributions, investment revenues, donations, bequests, grants and
2 loans from domestic and/or foreign sources, government subsidy appropriations and
3 other income accruing from the operations of the Program. For the initial organizational
4 and operational requirements of the Program, there is hereby appropriated out of any
5 fund in the National Treasury or other sources not otherwise appropriated the sum of
6 Thirty Billion Pesos (P30,000,000,000.00).

7 The Endowment Fund shall also serve as a subsidy for workers and economic stimulus
8 during the period of economic downturn caused by the COVID-19 pandemic. The
9 Program Manager shall determine the initiation of charging of premium contributions
10 to employers and employees, on the basis of general economic and labor market
11 conditions.

12 All program administration costs to be incurred by the Interim Program Manager shall
13 be charged against this Endowment Fund.

14 At the end of the first fiscal year of the Program's implementation, all funds remaining
15 in the Endowment Fund shall be transferred to the Reserve Fund and shall be utilized
16 in accordance with Section 14 of this Act.

17 **SECTION 13. Unemployment Insurance Fund.** An Unemployment Insurance Fund
18 ("Fund") will be created for purposes of financing the unemployment insurance
19 benefits and the administration of the Program as provided in this Act.

20 **SECTION 14. Reserve Fund.** To ensure that the Program has the capacity to provide
21 sufficient unemployment insurance benefits during periods of unexpectedly high
22 unemployment levels caused by general economic downturn, national disasters, or such
23 other crises of massive scale, the Program shall, on an annual basis, set aside a portion
24 of its funds as reserve funds, *Provided*, That a ceiling on reserve funds shall be
25 actuarially determined, taking into consideration the need to provide for extraordinary
26 benefit payments in the short- and long-run, *Provided, further*, That the balance of the
27 Endowment Fund at the time of the creation of the Corporation shall form part of the
28 Reserve Fund, *Provided, further*, That whenever there are Unemployment Insurance
29 Fund balances at the end of the Corporation's fiscal year, either whenever premium
30 contributions exceed unemployment insurance benefit payments or whenever there are
31 unutilized portions of the reserved funds, the Program's benefits shall be increased in
32 amounts, expanded in scope, or member contributions decreased prospectively in order
33 to adjust expenditures or revenues to meet the required ceiling for reserve funds,
34 *Provided, further*, That a portion of the reserve funds shall be set aside for purposes of
35 short-term investments to earn an average annual income at prevailing rates of interest.
36 The portion of reserve funds for investment purposes shall be known as the
37 "Investment Reserve Fund" which shall be invested in any or all of the following:

- 1 (a) In bonds, securities, promissory notes or other evidence of indebtedness of the
2 Government of the Philippines, or in bonds, securities, promissory notes or other
3 evidence of indebtedness to which the full faith, credit and unconditional
4 guarantee of the Government of the Philippines is pledged: *Provided*, That at least
5 fifteen percent (15%) of the investment reserve fund shall be invested for these
6 purposes:
- 7 (b) In bonds, securities, promissory notes or other evidence of indebtedness of the
8 Government of the Philippines, or any of its agencies or instrumentalities to
9 finance domestic infrastructure projects such as roads, bridges, ports,
10 telecommunications, and other similar projects: *Provided*, That the instruments
11 issued by an agency or instrumentality of the government shall be guaranteed by
12 the Government of the Philippines or any government financial institution or
13 acceptable multilateral agency: *Provided, further*, That the Corporation shall have
14 priority over the revenues of the projects: *Provided, finally*, That such investments
15 shall not exceed thirty percent (30%) of the Investment Reserve Fund;
- 16 (c) In bonds, securities, promissory notes or other evidence of indebtedness of
17 government financial institutions or government corporations with acceptable
18 credit or guarantee: *Provided*, That such investments shall not exceed thirty
19 percent (30%) of the Investment Reserve Fund;
- 20 (d) In bonds, securities, deposits, promissory notes or other evidence of indebtedness
21 of any, bank doing business in the Philippines and in good standing with the BSP
22 to finance loans to private corporations doing business in the Philippines,
23 including schools, hospitals, small-and-medium scale industries, cooperatives
24 and nongovernmental organizations, in which case the collaterals or securities
25 shall be assigned to the Corporation, under such terms and conditions as the
26 Board may prescribe: *Provided*, That in the case of bank deposits, they shall not
27 exceed at any time the unimpaired capital and surplus or total private deposits of
28 the depository bank, whichever is smaller: *Provided, further*, That said bank shall
29 first have been designated as a depository for this purpose by the Monetary
30 Board of the BSP: *Provided, finally*, That such investments shall not exceed forty
31 percent (40%) of the Investment Reserve Fund;
- 32 (e) In bonds, securities, promissory notes or other evidence of indebtedness of
33 educational or medical institutions to finance the construction, improvement and
34 maintenance of schools and hospitals and their equipment and
35 facilities: *Provided*, That such investments shall not exceed ten percent (10%) of
36 the Investment Reserve Fund:
- 37 (f) In real estate property, including shares of stocks involving real estate property,
38 and investments secured by first mortgages on real estate or other collaterals

1 acceptable to the Corporation: *Provided*, That such projects and investments shall,
2 in the determination of the Board, redound to the benefit of the Corporation, its
3 members, as well as the general public: *Provided, further*, That investment in real
4 estate property and joint ventures including shares of stocks involving real estate
5 property, shall not exceed ten percent (10%) of the Investment Reserve
6 Fund: *Provided, finally*, That investments in other income earning projects and
7 investment secured by first mortgages and or other collaterals shall not exceed
8 twenty-five percent (25%) of the Investment Reserve Fund;

9 (g) In bonds, debentures, securities, promissory notes or other evidence of
10 indebtedness of any prime corporation or multilateral institutions to finance
11 domestic projects: *Provided*, That the issuing or assuming entity or its
12 predecessors shall not have defaulted in the payment of interest on any of its
13 securities and that during each of any three (3) including the last two (2) of the
14 five (5) fiscal years next preceding the date of acquisition by the Corporation of
15 such bonds, debentures or other evidence of indebtedness, the net earnings of the
16 issuing or assuming institution available for its fixed charges, as defined in this
17 Act, shall have been not less than one and one-quarter times the total of its fixed
18 charges for such year: *Provided, further*, That such investments shall not exceed
19 forty percent (40%) of the Investment Reserve Fund;

20 (h) In preferred or common shares of stocks listed or to be listed in the stock
21 exchange and other securities trading markets or options or warrants to such
22 stock or, subject to prior approval of the BSP, such other risk management
23 instruments of any prime or solvent corporation or financial institution created or
24 existing under the laws of the Philippines with proven track record of
25 profitability over the last three (3) years and payment of dividends at least once
26 over the same period: *Provided*, That such investments shall not exceed forty
27 percent (40%) of the Investment Reserve Fund;

28 (i) In domestic or foreign mutual funds in existence for at least three (3)
29 years: *Provided*, That such investments shall not exceed forty percent (40%) of the
30 Investment Reserve Fund: *Provided, further*, That investments in foreign mutual
31 funds shall not exceed one percent (1%) of the Investment Reserve Fund in the
32 first year which shall be increased by one percent (1%) for each succeeding year,
33 but in no case shall it exceed fifteen percent (15%) of the Investment Reserve
34 Fund;

35 (j) In foreign currency deposits or investment-grade rated foreign currency-
36 denominated debts, prime and nonspeculative equities, and other BSP approved
37 financial instruments or other assets issued in accordance with the existing laws
38 of the countries where such financial instruments are issued: *Provided*, That these
39 instruments or assets are listed in bourses of the respective countries where these

instruments or assets are issued: *Provided, further,* That the issuing company has proven track record of profitability over the last three (3) years and payment of dividends at least once over the same period: *Provided, finally,* That such investments shall not exceed one percent (1%) of the Investment Reserve Fund in the first year which shall be increased by one percent (1%) for each succeeding year, but in no case shall it exceed fifteen percent (15%) of the Investment Reserve Fund;

(k) In loans secured by such collaterals like cash, pensions, government securities or guarantees of multilateral institutions including loans to pensioners: *Provided,* That such investments shall not exceed thirty percent (30%) of the Investment Reserve Fund; and

(l) In other BSP approved investment instruments with the same intrinsic quality as those enumerated in paragraphs (a) to (k) hereof, subject to the policies and guidelines which the Board may formulate.

No portion of the Investment Reserve Fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or -controlled corporations, except as may be allowed under this Act: *Provided,* That no portion of the Investment Reserve Fund shall be invested for any purpose or any instrument, institution or industry over and above the prescribed cumulative ceilings as follows:

60% in private securities

5% in housing

30% in real estate related investments

30% in government financial institutions and corporations

15% in any particular industry

7.5% in foreign-currency denominated investments

5% in private-sponsored infrastructure projects without guarantee

5% private and government sponsored infrastructure projects with guarantee

5% in private and government sponsored infrastructure projects.

1 **SECTION 15. Eligibility.** A worker shall be eligible for unemployment benefits
2 under the Program if they meet the following requirements:

- 3 (a) The worker is a "member" as defined under Section 5 (j) of this Act;
- 4 (b) The member has paid at least 6 monthly contributions in the 12-month period
5 prior to separation from work;
- 6 (c) The member was involuntarily separated from employment as defined in
7 Section 5 (i) of this Act;
- 8 (d) The member has undergone job counselling provided by the Program or by its
9 accredited partners, and has signed an agreement with the Corporation to
10 commence active job search, the compliance of which will be determined and
11 monitored by the Corporation; and
- 12 (e) The member has submitted an affidavit duly signed and notarized indicating
13 availability and willingness to work at any time after the filing of claims for
14 unemployment benefits.

15
16 **SECTION 16. Unemployment Insurance Benefit Payments.** Unemployment
17 insurance benefits amounting to eighty percent (80%) of the member's basic monthly
18 pay at their last employment, shall be paid to the eligible worker on the 30th day of
19 unemployment. A second and third payment of equivalent amounts shall be given on
20 the 60th day and 90th day of unemployment, respectively, as applicable, *Provided* that
21 monthly benefits per beneficiary shall not to exceed the cap of one hundred thousand
22 pesos (P100,000), subject to regular review by the Program Manager, based on
23 relevant actuarial studies, *Provided, further,* That unemployment insurance benefit
24 payments shall cease upon the completion of the job search, or 90 days after
25 involuntary separation from employment, whichever is earlier, *Provided, further,* That
26 the Program Manager is authorized to provide incentives for the completion of job
27 search prior to 90 days after the involuntary separation from employment, *Provided*
28 *further,* That the Program Manager is authorized to adjust the amount of benefits
29 defined in this Section on the basis of labor market conditions and as validated by
30 actuarial studies pursuant to Section 19 (e) of this Act, *Provided, finally,* That sufficient
31 consultation with the Department of Labor and Employment and labor groups is
32 conducted prior to any such adjustment.

33
34 **SECTION 17. Government-provided Unemployment Benefits.** In addition to
35 unemployment insurance benefit payments as defined in Section 5 of this Act, the

1 Program shall facilitate the provision of additional unemployment benefits, at no
2 additional cost to members:

3
4 (a) Training or re-tooling programs by TESDA;

5
6 (b) Job search assistance, including the provision of localized information on job
7 market opportunities, job matching, and identification of education and training
8 opportunities by Public Employment Service Offices;

9
10 (c) Other training or re-tooling programs or job search assistance services accredited
11 by the Corporation.

12
13 The Corporation shall enter into agreements with the relevant government agencies or
14 private entities to ensure the effective and efficient provision of training and re-tooling
15 programs and other forms of job search assistance for unemployed members to improve
16 their chances for reemployment.

17
18 The Program shall provide members with a training allowance to cover the cost of
19 attending their chosen training program, including training fees and transportation,
20 subject to the member's compliance with training program requirements.

21
22 The Corporation shall include in its annual appropriation a provision for training
23 allowance of members.

24 25 Chapter IV. The Philippine Job Insurance Corporation

26
27 **SECTION 18. Establishment of the Corporation.** There is hereby created a Philippine
28 Job Insurance Corporation, which shall manage and administer the Program and its
29 funds at such point in time that the fund viability has been established, not later than 5
30 years after the effectivity of the Act. In the discharge of its mandated responsibilities
31 under this Act, the Corporation shall function and operate as an independent and
32 accountable government-owned and controlled corporation within the corporate
33 governance standards and principles of Republic Act No. 10149, except as may be
34 otherwise provided herein.

35
36 **SECTION 19. Powers and Functions.** The Corporation shall have the following powers
37 and functions:

38 (a) To administer the National Unemployment Insurance Program according to the
39 provisions of this Act;

- 1 (b) To formulate, adopt, amend and/or rescind such rules and regulations as may be
2 necessary to carry out the overall objectives of the Program and the other
3 provisions of this Act;
- 4 (c) Receive complaints, institute investigations, facilitate or enable settlement of
5 complaints through the use of alternative dispute resolution processes,
6 adjudicate, award indemnity on matters affecting any PhilJobs member. That in
7 resolving any complaint or investigation (except where amicable settlement is
8 reached by the parties), the Board shall act as a collegial body. However, the
9 Chairperson shall only vote in case of a tie.
- 10
- 11 (d) To formulate and implement guidelines to determine contributions, benefits, and
12 disbursement arrangements, among others, in order to effectively implement the
13 objectives of this Act, *Provided, That* the Program may have different
14 contributions and benefits that are proportionately calculated, and which must be
15 fair, equitable, and actuarially sound and viable;
- 16
- 17
- 18 (e) To conduct continuing actuarial and statistical studies and valuations to
19 determine the financial condition of the Program, and to take into consideration
20 such studies and valuations in the determination and readjustment of benefits,
21 contributions, premium rates, among others;
- 22 (f) To authorize cooperatives registered with the Cooperative Development
23 Authority or associations registered with the appropriate government agency to
24 act as collection agents with respect to Program members, *Provided, That* the
25 Corporation shall accredit the cooperative or association, *Provided, further, That*
26 the persons authorized to collect are bonded;
- 27 (g) To approve restructuring proposals for the payment of due but unremitted
28 contributions under such terms and conditions as it may prescribe;
- 29 (h) Any law to the contrary notwithstanding, to condone, enter into a compromise or
30 release, in whole or in part, such penalties imposed upon delinquent
31 contributions regardless of the amount involved under such valid terms and
32 conditions it may prescribe through rules and regulations when the financial
33 position of the employer or worker demonstrates a clear inability to pay the
34 assessed delinquency arising from economic crisis, serious business losses or
35 financial reverses, or resulting from natural calamity or man-made disaster
36 without fault on the part of the employer or worker, *Provided, That* the
37 Corporation shall institute a condonation of penalties of delinquent employers or
38 workers under Republic Act No. 10361, subject to such rules and regulations it
39 may provide;

1 To determine that the powers under this provision are reasonably exercised, the
2 Corporation shall submit to the Office of the President, the Senate, and the House
3 of Representatives an annual report on the exercise of said powers under this
4 provision, stating the following facts, among others: names and addresses of
5 those whose penalty delinquencies have been subjected to compromise or
6 condonation, amount involved, amount compromised or condoned, underlying
7 reasons and justifications for compromise or condonation;

8 (i) To collect, deposit, invest, administer, and disburse the Unemployment
9 Insurance Fund in accordance with the provisions of this Act;

10 (j) To submit to the President of the Philippines and to both Houses of Congress its
11 Annual Report which shall contain the status of the Fund, its total collections,
12 disbursements, reserves, average cost to eligible workers, unemployment
13 statistics, any request for additional appropriation, and other data pertinent to
14 the implementation of the Program, and publish as synopsis of such report in at
15 least two (2) newspapers of general circulation and on its website;

16 (k) To require the Chief Actuary to submit a valuation report on the Program every
17 two (2) years, or more frequently as may be necessary, and to undertake the
18 necessary actuarial studies and calculations concerning adjustments in benefits,
19 contributions, among others;

20 (l) To organize its office, fix the compensation of and appoint personal as may be
21 deemed necessary and upon the recommendation of the president of the
22 Corporation;

23 (m) To enter into agreements or contracts for such service and aid as may be needed
24 for the proper, efficient, and stable administration of the Program, including but
25 not limited to partnerships with public and private entities for the efficient
26 delivery of job counselling, skills training, and job placement services, among
27 others;

28 (n) To receive and manage grants, donations, and other forms of assistance;

29 (o) To sue and be sued in court;

30 (p) To adopt or approve the annual and supplemental budget of receipts and
31 expenditures including salaries and allowances of the Corporation's personnel,
32 against all funds available to the Corporation under this Act, and to authorize
33 such capital and operating expenditures and disbursement of the Program as
34 may be necessary and proper for the effective management and operation of the
35 Program;

36 (q) To set up its accounting system and provide the necessary personnel therefor;

1 (r) To enter into the necessary agreements with existing insurance programs or any
2 other entity, enterprise, corporation, or partnership for the benefit of members
3 transferring between systems;

4 (s) To perform such other acts as it may deem appropriate for the proper
5 implementation and enforcement of this Act.

6 **SECTION 20. Board of Directors.** The Corporation shall be governed by a Board of
7 Directors hereinafter referred to as the Board, composed of the following:

8 (a) Secretary of Labor and Employment, as the *ex officio* Chairperson,

9 (b) SSS President and Chief Executive Officer as Vice Chairperson,

10 (c) Director General of the National Economic and Development Authority, as *ex officio*
11 member,

12 (d) Six (6) appointive members, three (3) of whom shall represent employers' groups,
13 and three (3) shall represent labor groups, all of whom shall be appointed by the
14 President.

15 All those in the Board shall be on known competence, probity, integrity and recognized
16 expertise in any of the field of insurance, social security, investment, finance,
17 economics, management, law, actuarial science, or similar fields, with at least ten (10)
18 years of managerial or leadership experience. The six (6) members representing workers
19 and employer groups shall be chosen from among the nominees of employees and
20 employers' organizations respectively, as endorsed by the Governance Commission for
21 GOCCs following the fit and proper rule and standards on integrity, experience,
22 education, training, and competence. The term of office of the regular appointive
23 members of the Board shall be three (3) years, which can be extended for another term
24 of three (3) years, *Provided*, That the terms for the first six (6) appointive members shall
25 be one (1), two (2), and three (3) years for every two (2) Directors, respectively,
26 notwithstanding Section 17 of the GCG Law, *Provided, further*, That they shall continue
27 to hold office until their successors shall have been appointed and duly qualified. All
28 vacancies prior to the expiration of the term shall be filled for the remaining unexpired
29 term only.

30 **SECTION 21. Staffing.** The extent and size of the Corporation shall take into account
31 the size of the Program membership, functional distribution, workload, span of control,
32 type, and variety of skills required. The Corporation's staffing structure should promote
33 focused use of limited resources on core functions and program structure. In the
34 creation of the staffing structure, the Board shall:
35

- 1 (a) Determine the number of positions required based on the size of the Program
- 2 membership, functions, and program structure of the Corporation;
- 3
- 4 (b) Determine the skills and competencies required to perform the core functions;
- 5
- 6 (c) Observe an optimal ratio between technical and administrative positions; and
- 7
- 8 (d) Determine the extent of functions that can be efficiently performed by outsourced
- 9 services.

10 **SECTION 22. Settlement of Disputes.** Any dispute arising under this Act with respect
11 to contributions, penalties, benefits, and any other matter related thereto shall be
12 cognizable by the Board, and any case filed with respect hereto shall be heard by the
13 Board and decided within the period provided for under Republic Act No. 1103 (Ease
14 of Doing Business and Efficient Government Service Delivery Act of 2018) after the
15 submission of the evidence. The filing, determination and settlement of disputes shall
16 be governed by the rules and regulations promulgated by the Board.

17 Any decision of the Board in the absence of an appeal therefrom as herein provided
18 shall become final and executory after fifteen (15) days from receipt of notice of
19 decision, and judicial review thereof shall be permitted only after any party claiming to
20 be aggrieved thereby has exhausted his remedies before the Board. The Board shall be
21 deemed to be a party to any judicial action involving any such decisions, and may be
22 represented by an attorney employed by the Board, or when requested by the Board, by
23 the Solicitor General or any public prosecutor.

24 **SECTION 23. Appeals.** Appeals from any decision of the Board shall be governed by
25 Rules 43 and 45 of the 1997 Rules of Civil Procedure. The appeal shall not stay the
26 execution of the decision unless ordered by the Board, Court of Appeals or by the
27 Supreme Court and the appeal shall be without prejudice to the special civil action of
28 certiorari when proper.

29 **SECTION 24. Execution of Decision.** When no appeal is perfected and there is no order
30 to stay by the Board, Court of Appeals or by the Supreme Court, any decision of the
31 Board shall be enforced and executed in the same manner as decisions of the Regional
32 Trial Court. For this purpose, the Board shall have the power to issue to the city or
33 provincial or it's appointed sheriff such writs of execution as may be necessary for the
34 enforcement of such decision, and any person who shall fail or refuse to comply with
35 such decision, writ or process after being required to do so, shall, upon application by
36 the Board, be punished for contempt.

37 **SECTION 25. Exemption from Tax, Legal Process and Lien and Government**
38 **Guarantee.** It is hereby declared to be the policy of the State that the actuarial solvency

1 of the funds of the Program shall be preserved and maintained at all times and that
2 contribution rates necessary to sustain the benefits under this Act shall be kept as low as
3 possible in order not to burden the members and their employers. Taxes imposed tend
4 to impair the actuarial solvency of its funds and increase the contribution rate necessary
5 to sustain the benefits of this Act. Accordingly, notwithstanding any laws to the
6 contrary, the Corporation, its assets, revenues including all accruals thereto, and
7 benefits paid, shall be exempt from all taxes, assessments, fees, charges, or duties of all
8 kinds. These exemptions shall continue unless expressly and specifically revoked and
9 any assessment against the Corporation as of the approval of this Act are hereby
10 considered paid. Consequently, all laws, ordinances, regulations, issuances, opinions or
11 jurisprudence contrary to or in derogation of this provision are hereby deemed
12 repealed, superseded and rendered ineffective and without legal force and effect.

13 Moreover, these exemptions shall not be affected by subsequent laws to the contrary
14 unless this section is expressly, specifically and categorically revoked or repealed by
15 law and a provision is enacted to substitute or replace the exemption referred to herein
16 as an essential factor to maintain or protect the solvency of the fund, notwithstanding
17 and independently of the guaranty of the national government to secure such solvency
18 or liability.

19 The funds and/or the properties referred to herein as well as the benefits, sums or
20 monies corresponding to the benefits under this Act shall be exempt from attachment,
21 garnishment, execution, levy or other processes issued by the courts, quasi-judicial
22 agencies or administrative bodies including Commission on Audit (COA)
23 disallowances and from all financial obligations of the members, including his
24 pecuniary accountability arising from or caused or occasioned by his exercise or
25 performance of his official functions or duties, or incurred relative to or in connection
26 with his position or work except when his monetary liability, contractual or otherwise,
27 is in favor of the Corporation.

28 Further, the benefits prescribed in this Act shall not be diminished and to guarantee
29 said benefits the Government of the Republic of the Philippines accepts general
30 responsibility for the solvency of the Corporation.

31 Chapter V. Appropriations

32 **SECTION 26. Appropriations.** An appropriation of Thirty Billion pesos (P
33 30,000,000,000.00) is hereby appropriated for the SSS as Interim Program Manager, as
34 the amount necessary for the creation of the Endowment Fund as provided for in
35 Section 12. Subsequently, the funds necessary for the continuous and effective operation
36 of the Program shall be included in the General Appropriations Act (GAA), including
37 the national government's share in the premium contributions and funds for the
38 provision of allowances for training programs and job search assistance.

Chapter VI. Penal Provisions

SECTION 27. The Program Manager or responsible officer of the Corporation who fails or refuses to comply with the provisions of this Act or with its implementing rules and regulations shall be punished by a fine of not less than fifty thousand pesos (P 50,000) nor more than two hundred thousand pesos (P200,000), or by imprisonment of not less than six (6) years and one day to twelve (12), or both, at the discretion of the court.

SECTION 28. The Program Manager or responsible officer of the Corporation who takes or misappropriates the contribution for the Fund or permits another person to take, misappropriate or use said contribution through consent, abandonment or negligence shall be punished by a fine of not less than fifty thousand pesos (P 50,000) nor more than two hundred thousand pesos (P200,000), or by imprisonment of not less than six (6) years and one day to twelve (12), or both, at the discretion of the court.

SECTION 29. Any employer who after deducting the monthly contribution of members, fails to remit the same to the Corporation within the period prescribe in this Act shall be presumed to have taken the same shall suffer the penalties provided in Article 315 of the Revised Penal Code.

SECTION 30. The heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the collection contributions who shall fail, refuse or delay the payment, turnover, remittance or delivery of such accounts, upon conviction by final judgment, suffer the penalties of imprisonment of not less than one (1) year nor more than five (5) years and a fine of not less than fifty thousand pesos (P50,000.00) nor more than two hundred thousand pesos (P200,000.00), and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

The officers and/or personnel referred in this section shall be liable not only criminally but also civilly to the member concerned in the form of damages as provided for in the Civil Code of the Philippines.

SECTION 31. The officers and the personnel of private companies who are involved in the collection contributions who shall fail, refuse or delay the payment, turnover, remittance or delivery of such accounts, upon conviction by final judgment, suffer the penalties of imprisonment of not less than one (1) year nor more than five (5) years and a fine of not less than pesos (P50,000.00) nor more than two hundred thousand pesos (P200,000.00) and shall also be civilly liable to the member concerned in the form of damages provided for in the Civil Code of the Philippines.

Chapter VII. Miscellaneous Provisions

1 **SECTION 32. Oversight Provision.** Congress shall conduct a regular review of the
2 Program, which shall entail a systematic evaluation of the Program's performance and
3 impact. Every two years, an independent review shall be undertaken by an expert third-
4 party, at a cost to be shouldered by the Program, and whose results shall be submitted to
5 the Committees of the Senate and the House of Representatives which have legislative
6 jurisdiction over the Program.

7 **SECTION 33. Implementing Rules and Regulations.** Within forty five (45) days from
8 the effectivity of this Act, the SSS as Interim Program Manager shall formulate the rules
9 and regulations necessary for the implementation of this Act, in consultation with the
10 DOLE and NEDA.

11 **SECTION 34. Information Campaign.** An intensive public information campaign shall
12 be undertaken by the SSS prior to the implementation of the rules and regulations of
13 this Act.

14 **SECTION 35. Separability Clause.** If any provision of this Act is declared
15 unconstitutional or invalid, the remainder of the provisions thereof not affected shall
16 remain in force and effect.

17 **SECTION 36. Repealing Clause.** All laws, executive orders, administrative rules and
18 regulations or parts thereof which are inconsistent with the provisions of this Act are
19 hereby amended, modified, or repealed accordingly.

20 **SECTION 37. Effectivity Clause.** This Act shall take effect immediately upon its
21 publication in a newspaper of general circulation or in the Official Gazette.

22 Approved,