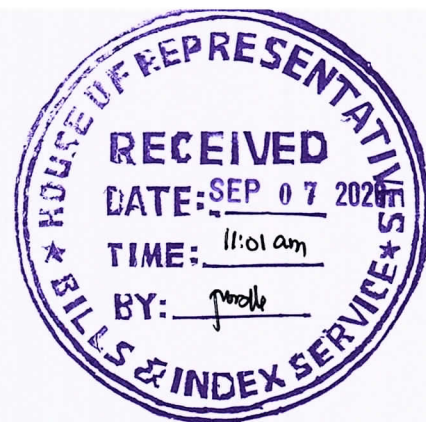


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL No. **7590**



Introduced by

BAYAN MUNA Representatives FERDINAND R. GAITE,
CARLOS ISAGANI T. ZARATE, and EUFEMIA C. CULLAMAT,
ACT TEACHERS Party-List Representative FRANCE L. CASTRO,
GABRIELA Women's Party Representative ARLENE D. BROSAS
and KABATAAN Party-List Representative SARAH JANE I. ELAGO

AN ACT
EXPANDING UNEMPLOYMENT BENEFITS FOR INVOLUNTARILY
UNEMPLOYED WORKERS, AND PROVIDING FUNDS THEREFOR

EXPLANATORY NOTE

A substantial and alarming number of workers have lost their jobs due to the economic restrictions brought about by the COVID-19 pandemic. According to the latest labor force survey from the Philippine Statistics Authority, the country's unemployment rate has reached 17.7% or 7.3 million unemployed Filipinos last April which is the highest in six decades. This is close to 20% of the total labor force and translates to around 1 in every 5 Filipino worker without access to gainful income. This figure rose from 5.3 percent in January and 5.1 percent a year ago to its current all-time high¹.

In addition, PSA data also showed that two-thirds of laborers in the country depend on salaries and wages, while 28.7 percent are considered self-employed, rendering professional services or operating their own business. Further, 13 million Filipinos or 38.4 percent of the labor force reported that they still had jobs but were unable to report to work because of the pandemic-induced lockdowns which has resulted in various infractions to labor rights including the diminution or non-payment of wages, and reduced workhours among others. This figure has been further exacerbated by the influx of approximately one million displaced overseas Filipino workers (OFWs) who have been retrenched or fired from their employment abroad due to the pandemic².

Independent think tank IBON Foundation estimates that the unemployment crisis may even be worse than what these official figures show. IBON estimates that the real unemployment rate is likely around 22% and the real number of unemployed Filipinos is around 14 million.

These conditions underscore the urgency and importance of expanding existing modes of unemployment benefits provided by the State by dispensing additional cash assistance to displaced workers to prevent substantial reductions in consumption levels caused by job loss in consideration of the current state of the economy with a GDP growth contraction of a record

¹ <https://psa.gov.ph/content/employment-situation-april-2020>

² <https://newsinfo.inquirer.net/1286124/1-million-ofws-may-lose-jobs-due-to-covid-19-pandemic-dole>

1 16.5% during the second quarter based on PSA reports³.

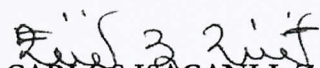
2 Notably, the Social Security System (SSS) and the Government Service Insurance System (GSIS),
3 the two major public institutions administering insurance-based and contributory social security
4 programs in the country, provide workers with some form of social safety net against
5 unemployment or involuntary separation. But these benefits are simply not enough especially in
6 the context of the COVID-19 pandemic and the disposition it has left Filipino workers with.

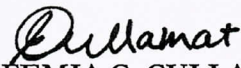
7 This bill seeks to expand existing modes of unemployment or involuntary separation benefits
8 provided for by SSS in the case of private sector workers, and GSIS, in the case of government
9 employees. In addition, this bill seeks to provide unemployment benefits for informal sector
10 workers who account for more than a third of the country's total GDP⁴.

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

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13 *Approved,*
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20 **REP. FERDINAND R. GAITE**
21 *Bayan Muna Partylist*
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26 **REP. CARLOS ISAGANI I. ZARATE**
27 *Bayan Muna Partylist*
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31 **REP. EUFEMIA C. CULLAMAT**
32 *Bayan Muna Partylist*
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36 **REP. FRANCE L. CASTRO**
37 *ACT Teachers Partylist*
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41 **REP. ARLENE D. BROSAS**
42 *GABRIELA Women's Party*
43

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REP. SARAH JANE I. ELAGO
Kabataan Partylist

³ <https://business.inquirer.net/304543/officially-a-recession-ph-gdp-shrank-16-5-in-q2>

⁴ <https://businessmirror.com.ph/2017/11/08/informal-sector-contribution-to-gdp-at-p5-trillion>

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Quezon City

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5 **EIGHTEENTH CONGRESS**
6 Second Regular Session

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8 **HOUSE BILL No. 7590**
9

10 Introduced by
11 **BAYAN MUNA Representatives FERDINAND R. GAITE,**
12 **CARLOS ISAGANI T. ZARATE, and EUFEMIA C. CULLAMAT,**
13 **ACT TEACHERS Party-List Representative FRANCE L. CASTRO,**
14 **GABRIELA Women's Party Representative ARLENE D. BROSAS**
15 **and KABATAAN Party-List Representative SARAH JANE I. ELAGO**

16
17 **AN ACT**
18 **EXPANDING UNEMPLOYMENT BENEFITS FOR INVOLUNTARILY**
19 **UNEMPLOYED WORKERS, AND PROVIDING FUNDS THEREFOR**
20

21 *Be it enacted by the Senate and House of Representatives of the Republic of the Philippines in Congress assembled:*
22

23 **SECTION 1. *Short Title.*** – This Act shall be known and cited as the “Unemployment Benefits
24 Act of 2020.”
25

26 **SECTION 2. *Declaration of Policy.*** – It shall be the policy of the State to afford full protection
27 to its labor force and promote full employment and equality of employment opportunities for all.
28 Pursuant thereto, the country's social security systems are hereby mandated to provide all workers
29 unemployment benefits for their protection against involuntary unemployment.
30

31 **SECTION 3. *Coverage.*** – Any worker, employed in the public or private sector, whether in the
32 formal or informal economy, who is involuntarily separated from employment, shall be covered
33 by this Act. *Provided,* That the employee was willing and able to work at the time of separation from
34 employment.
35

36 **SECTION 4. *Definition of Terms.*** For purposes of this Act, these terms are defined as follows:
37

- 38 a) Average Monthly Compensation – the amount arrived at after dividing the aggregate
39 amount of compensation the employees received during the last 36 months preceding their
40 unemployment by 36, or if the employees had less than 36 months of employment, the
41 amount arrived at after dividing the aggregate amount of compensation received during
42 their employment by the number of months they were employed; *Provided, that* the amount
43 arrived at shall not be lower than ten thousand pesos (Php10,000.00) in accordance to
44 Section 5 of this Act;
45
46 b) Private Sector Employee – includes any person who performs services for an employer in
47 the private sector which either both mental or physical efforts are used and who receives
48 compensation for such services; *Provided,* That a self-employed worker shall be both the

employee and employer at the same time;

- c) Government Employee – Any person, receiving compensation while in the service of the national government, its political subdivisions, branches, agencies or instrumentalities, including government-owned or controlled corporations, and financial institutions with original charters, the constitutional commissions and the judiciary, whether by election or appointment, irrespective of status of appointment, including barangay and sanggunian officials;
- d) Employer – any person, natural or juridical, domestic or foreign, who carries on in the Philippines any trade, business, industry, undertaking, or activity of any kind and engages and controls the services of another person. For purposes of this Act, employer includes national government agencies, and government-owned and controlled corporations;
- e) Informal sector workers – those whose employment is not subject to standard labor legislation, taxation, social protection or entitlement to certain employment benefits including, but not limited to independent contractors, street vendors, public utility vehicle drivers, operators, freelancers, agricultural and fisheries workers, and self-employed workers in the gig economy; the job is casual or of a limited short duration; the hours of work or wage are below a certain threshold; the worker is not covered either by SSS or GSIS; or the employer is an unregistered enterprise;
- f) Involuntary unemployment – separation of a worker from employment or pre-termination of a contract of employment without his or her consent and without cause by the worker, based on authorized causes as provided for by Articles 283 and 284 of the Labor Code of the Philippines; or abolition of office or position or other similar cases for government employees, respectively, or separation due to business closures and significant economic downturn or natural or human-induced calamities/disasters resulting in the loss of income;
- g) Unemployment Benefits – benefits in the form of monthly cash payments guaranteed by the state to workers involuntarily separated from employment as provided for in Sections 6 and 7 of this Act.

SECTION 5. *Minimum Compensation.* – In no case shall the disbursement of unemployment benefits be lower than ten thousand pesos (Php10,000.00). In cases wherein the amount arrived at in computing for average monthly compensation falls below this threshold, the Department of Labor and Employment (DOLE) is hereby authorized to augment the said amount to comply with the minimum compensation as provided in this section.

SECTION 6. *Unemployment Benefits in the Formal Economic Sector.* – Unemployment benefits in the form of monthly cash payments provided by the Social Security System (SSS) in the case of private sector employees and by the Government Service Insurance System (GSIS) in the case of government workers involuntarily unemployed in accordance to Sec. 14-B of Republic Act 11199 otherwise known as the “Social Security Act of 2018” and to Sec. 12 of Republic Act 8291 or the “Revised Government Service Insurance System Act of 1977” respectively, subject to the rules and regulations thereof. *Provided, That* in case the average monthly compensation is below ten thousand pesos (Php10,000.00), the DOLE shall provide to the beneficiary additional cash needed on top of the benefits already guaranteed by either the SSS or GSIS in compliance with Section 5 of this Act. *Provided, further* that the unemployment benefits shall be paid directly to qualified

unemployed workers for a minimum of two months and a maximum duration subject to the rules and regulations of Republic Act 11199 otherwise known as the “Social Security Act of 2018” for private sector employees, and Republic Act 8291 or the “Revised Government Insurance Service Insurance Act of 1977” for government employees, respectively.

SECTION 7. *Unemployment Benefits in the Informal Economic Sector.* – Unemployment benefits in the form of monthly cash payments equivalent to ten thousand pesos (Php10,000.00) shall be paid to all informal sector workers who are not covered by either the SSS or the GSIS, and who are involuntarily separated from employment. *Provided,* that the total amount shall be paid for by the State through the DOLE for a maximum of two (2) consecutive months or until such time that the worker has found gainful employment whichever comes first.

SECTION 8. *Appropriations.* – The sum of **two hundred billion pesos (Php200,000,000,000.00)** is hereby appropriated as initial operating fund to effectively carry out the provisions of this Act. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SECTION 9. *Implementing Rules and Regulations.* – The DOLE, GSIS and the SSS shall promulgate the rules and regulations for the effective implementation of this Act within thirty (30) days from approval hereof.

SECTION 10. *Separability Clause.* – If any part or provision of this Act is subsequently declared unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 11. *Repealing Clause.* – All laws, executive orders, presidential decrees, rules and regulations or parts thereof which are in conflict or inconsistent with the provisions of this Act are hereby repealed.

SECTION 12. *Effectivity Clause.* – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,