



Republic of the Philippines
House of Representatives
Quezon City



EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 8229

Introduced by REPRESENTATIVE ERIC L. OLIVAREZ

EXPLANATORY NOTE

In the most recent labor force survey conducted by the Philippine Statistics Authority, the country's unemployment rate in October 2020 was estimated at 8.7 percent. This is equivalent to 3.8 million unemployed Filipinos. This crisis was an expected occurrence brought about by the Covid-19 global pandemic where a lot of commercial establishments and businesses were forced to close down and cease operations as a result of State-imposed community quarantines in order to curtail the spread of the dreaded virus.

In light of this unfortunate event, it is important now more than ever for the State to assume and uphold its role and duty as a parent to its citizens to provide aid and assistance to Filipinos who find themselves without any gainful employment though not of their own will, fault, and choice. This bill seeks to provide an unemployment compensation to unemployed Filipinos who are willing and able to find new work, albeit hampered by the lack of funds to sustain them during the months of job seeking.

To be sure, this bill does not wish to disincentivize our people from standing on their own feet and actually working, that is why the unemployment compensation being proposed is intentionally kept to a

relatively controlled amount pegged at six thousand pesos per month, for a maximum of two months or until such time that new employment is found by the laid-off worker, whichever comes first. The unemployment compensation being proposed by this bill aims to help the laid-off worker on the necessary expenses he/she would have to incur in trying to find a new job such as costs on transportation going from one company/agency to another, meals to get him/her through the days of applying, decent clothing for interviews, printing of curriculum vitae and resumes, among others.

By approving this bill, unemployed Filipinos will have a better and faster shot at finding new employment because the unemployment compensation they would have received would allow them to seek more job opportunities actively and would enable them to prepare and perform well in the application process and the initial hiring stages of a potential/prospective employment.

Eric C. Olivarez
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**AN ACT INSTITUTING UNEMPLOYMENT COMPENSATION FOR FORMAL
AND INFORMAL SECTOR WORKERS, AND APPROPRIATING
FUNDS THEREFOR**

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

Section 1. Short Title. This Act shall be known as the "Unemployment Compensation Act
of 2020".

Sec. 2 Statement of Policy. It is a well-entrenched and established policy of the State to
afford full protection to its labor force, provide equal employment opportunities for all,
promote social justice, ensure prosperity and ultimately free people from poverty through
sound policies that provide decent and humane conditions of living and improved quality
of life for all.

Sec. 3. Coverage – Any worker belonging to the formal sector being so employed either
in the public or private sector, who is involuntarily separated from employment, shall be
covered by this Act. Provided, that the employee is able and willing to work after the time
of involuntary separation from employment.

Those who belong in the informal sector including but not limited to independent,
self-employed small-scale producers and distributors of goods and services shall be
entitled to the unemployment compensation benefits upon showing that their primary

1 source of income has ceased or is about to cease and they are now actively seeking
2 employment and trying to transition to the formal sector.

3 **Sec. 4. Unemployment Compensation in the Private Sector.** Employees
4 involuntarily separated from employment due to authorized causes provided for in Articles
5 298 (283) and 299 (284) to wit:

- 6 a. Installation or labor-saving devices
- 7 b. Redundancy
- 8 c. Retrenchment or downsizing
- 9 d. Closure or cessation of operation
- 10 e. Disease/illness of the employee whose continued employment is
11 prohibited by law or is prejudicial to his or her co-employees' health

12 as well as due to just causes under Article 300 (285) of the Labor Code, as amended,
13 for which an employee may put an end to the employment relationship without notice to
14 employer, to wit:

- 15 f. Serious insult by the employer or his representative on the honor and
16 person of the employee
- 17 g. Inhuman and unbearable treatment accorded the employee by the
18 employer or his representative
- 19 h. Commission of a crime or offense by the employer or his representative
20 against the person of the employee or any of the immediate members or
21 any of the immediate members of his/her family
- 22 i. Other causes analogous to any of the foregoing:
 - 23 • Economic downturn
 - 24 • Natural or human-induced calamities/disasters
 - 25 • Other analogous cases as may be determined by proper
26 authorities.

27 shall be entitled to receive unemployment benefits as provided for in Republic Act (RA)
28 No. 11199 otherwise known as the "Social Security Act of 2018", particularly Section 14-
29 B thereof.

30 Provided, however, that in case the average monthly compensation that the laid-off
31 worker is entitled to as per SSS, is below six thousand pesos (Php 6,000) per month, the
32 Department of Labor and Employment (DOLE) shall provide the unemployment
33 compensation differential to complete the said amount to be computed as follows:

(Php6,000.00 – Actual amount of SSS unemployment benefit received) =
Unemployment Compensation Differential

Provided further, that if the employee is ineligible to claim unemployment benefits under the SSS because of (1) failure to comply with the contribution requirement of SSS¹ law though through no fault of the employee, or (2) in case of concurrence of two or more benefits (i.e. the concurrence of unemployment benefit and another type of benefit under SSS whereby the latter is higher than the former and only the highest one shall be paid by SSS), the DOLE shall then pay the monthly unemployment compensation of six thousand pesos (Php6,000.00) in full, for a maximum of two (2) months. Provided, that in order to claim the unemployment compensation for the second month, the said laid-off employee shall provide adequate proof, as determined by DOLE, that he/she is actively seeking employment. Provided further, that the unemployment compensation benefit can only be availed of once every three (3) years.

Sec. 5. Unemployment Compensation in the Government/Public Sector. A permanent government employee who is involuntarily separated from the service as a result of the abolition of his/her office or position shall be entitled to receive unemployment benefits as provided for in RA No. 8291 otherwise known as the "Revised Government Service Insurance System Act of 1977".

Provided however, that in case the average monthly compensation that the government employee is entitled to receive per the GSIS law is below six thousand pesos (Php 6,000) per month, the employer government agency shall provide the unemployment compensation differential to complete the said amount not later than seven (7) days after the official date of termination of the employee. Provided further, that if the employee is ineligible to claim unemployment benefits under the GSIS law because of (1) failure to comply with the contribution requirements of GSIS² though through no fault of the employee, or (2) in case of concurrence of two (2) or more benefits (i.e. concurrence of the unemployment benefit and another type of benefit under GSIS whereby the latter is higher than the former and only the highest one shall be paid by GSIS) the employer government agency shall then pay the monthly unemployment compensation of six thousand pesos (Php6,000) in full, for a maximum of two (2) months.

Sec. 6. Ineligibility. An employee in the private sector shall be ineligible to receive unemployment benefit if he/she has been involuntarily separated from employment due to just causes under Article 297 (282) of the Labor Code, as amended, covering any of the following act/s by the employee:

- Serious misconduct
- Willful disobedience to lawful orders
- Gross and habitual neglect of duties

¹ SSS law requires that a member has paid at least 36 months contributions 12 of which should in the eighteen-month period immediately preceding the involuntary employment.

² GSIS law requires that the laid off worker must have been paying the contributions for at least one (1) year prior to separation.

- 1 • Fraud or will breach of trust/loss of confidence
- 2 • Commission of a crime or offense
- 3 • Analogous cases like abandonment, gross inefficiency, disloyalty/conflict of
- 4 interest/dishonesty.

5 A permanent employee in the government/public sector shall be ineligible to receive
6 unemployment benefit from his/her employer agency if his involuntary separation was due
7 to causes that violate the provisions of RA No. 6713, otherwise known as the "Code of
8 Conduct and Ethical Standards for Public Officials and Employees", as well as the
9 applicable Civil Service Rules and Regulations pertaining to the dropping from the rolls
10 of the government employee due to serious infractions and tardiness, among other
11 serious grounds that undermine and demoralize the position held by the subject
12 employee.

13 **Sec. 7. Unemployment Compensation in the Informal Sector.** An informal sector worker,
14 aged eighteen (18) to not over 60 years of age, not covered by either the SSS or GSIS,
15 and who involuntarily lost his/her means of livelihood for reasons including but not limited
16 to economic downturn, natural or human-induced calamities/disasters, pandemic, and
17 other analogous cases as may be determined by DOLE, shall be entitled to
18 unemployment compensation from DOLE, in the form of cash payments equivalent to six
19 thousand pesos (Php6,000.00) per month for a maximum of two (2) consecutive months
20 or until such time that the informal worker has found gainful employment, whichever
21 comes earlier. Provided, that in order to claim the unemployment compensation for the
22 second month, the said informal worker shall provide adequate proof, as determined by
23 DOLE, that he/she has lost or will imminently lose his/her means of livelihood and is
24 actively seeking employment. Provided further, that the unemployment compensation
25 benefit can only be availed of once every three (3) years.

26 **Sec. 8. Employer's Additional Duties.** For purposes of ensuring the effectivity of the
27 implementation of this Act, particularly Section 5 hereof, upon request of the applicant, all
28 employers in the Philippines shall now be mandated to issue certificates of application
29 whether in electronic form or in paper print-out, or other efficient and practical means,
30 duly signed by the hiring officer or other officers of equal and/or higher ranks who are in
31 charge of or who participate in the hiring/recruitment process of the company.

32 **Sec. 9. Penalties.** Any person, employer, partnership, or corporation found to violate any
33 provisions of this Act shall pay a fine of one hundred thousand pesos (Php100,000.00)
34 for the first offense, two hundred fifty thousand pesos (Php 250,000.00) for the second
35 offense, and five hundred thousand pesos (Php 500,000.00) for the third and succeeding
36 offenses.

37 **Sec. 10. Appropriations.** No less than a total amount of one hundred billion pesos
38 (Php100,000,000,000.00) shall be appropriated for the first three (3) years of its

1 operations to ensure the effective implementation of this Act. Thereafter, the amount
2 needed to implement this Act with respect to the National Government shall be included
3 in the annual General Appropriations Act.

4 **Sec. 11. *Implementing Rules and Regulations (IRR)*.** The DOLE, GSIS, and SSS shall
5 promulgate the implementing rules and regulations for the effective implementation of this
6 Act within ninety (90) days from approval thereof.

7 **Sec. 12. *Separability Clause*.** If any part or provision of this Act is subsequently declared
8 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
9 remain in full force and effect.

10 **Sec. 13. *Repealing Clause*.** All laws, decrees, executive orders, rules and regulations or
11 parts thereof inconsistent with the provisions of this Act are hereby repealed, amended,
12 or modified accordingly.

13 **Sec. 14. *Effectivity Clause*.** This Act shall take effect fifteen (15) days after its publication
14 in the Official gazette or in at least two (2) newspapers of general circulation.

15 **Approved.**