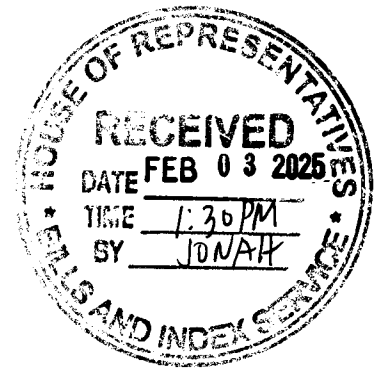


**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**

**NINETEENTH CONGRESS
Third Regular Session**



HOUSE BILL NO. 11389

Introduced by AKBAYAN Representative Percival Cendaña

EXPLANATORY NOTE

The preparation of the annual appropriations law is a rigorous process undertaken by the national government every year. But, and however meticulous the process of passing the General Appropriations Act may be, augmentation of certain budgetary allocation may be necessary. Augmentation finds support from Section 25(5), Article VI of the Philippine Constitution which provides:

“No law shall be passed authorizing any transfer of appropriation: however, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.”

This provision, generally adopted from the 1973 Constitution, was introduced to ensure that the leeway of transferring of funds from one item to another was limited, in that “[t]he purpose and conditions for which funds may be transferred were specified, i.e. transfer may be allowed for the purpose of augmenting an item and such transfer may be made only if there are savings from another item in the appropriation of the government branch or constitutional body.”¹

¹ Demetria v. Alba, G.R. No. 71977, 27 February 1987

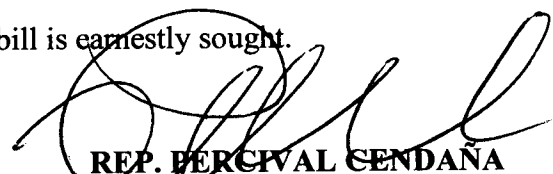
However, such situations of augmentation are susceptible to unscrupulous use of the budget, devoting amounts to certain items inconsistent with the objectives for which the annual appropriations were based. The result is a disregard of the bases and the processes undertaken in the enactment of the General Appropriations Act. As the Supreme Court declared in the landmark case of *Araullo v. Aquino*, “[a]lthough executive discretion and flexibility are necessary in the execution of the budget, any transfer of appropriated funds should conform to Section 25(5), Article VI of the Constitution.”²

This proposed measure was first filed during the Fourteenth Congress by then AKBAYAN Representative and now Senator Risa Hontiveros, and refiled by AKBAYAN Representatives in succeeding Congresses. It seeks to regulate the proper use of savings and sets the limits in the augmentation of budget specified in the General Appropriations Act.

It highlights that the use of “savings” defined in this bill shall be subject to the limits set by existing laws as well as by the General Appropriations Act. It underscores review and approval by Congress, and the possibility of disallowing the use of “savings” if it is shown that the use will not conform to existing guidelines, conditions, and limits. This bill also further defines unexpended amounts that shall revert back to the General Fund at the end of the fiscal year.

With the enactment of this bill, government efficiency and effectiveness in the use and generation of revenues shall be promoted, which will ultimately lead to the attainment of the goals of national development.

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



REP. PERCIVAL CENDAÑA
AKBAYAN PARTYLIST

² G.R. No. 209287, 1 July 2014

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

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. **11389**

Introduced by AKBAYAN Representative Percival Cendaña

AN ACT
DEFINING THE CONCEPT OF SAVINGS AND REGULATING THE
PROCESS OF AUGMENTATION BY THE PRESIDENT IN THE
IMPLEMENTATION OF ARTICLE VI, SECTION 25(5) OF THE
PHILIPPINE CONSTITUTION, AMENDING FOR THE PURPOSE
SECTIONS 2, 28, 39, AND 49 OF BOOK VI OF EXECUTIVE ORDER NO. 292
OR THE ADMINISTRATIVE CODE OF 1987

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Savings and
2 Augmentation Act of 2025.”
3

4 **SEC. 2. *Declaration of Policy.*** – It is the policy of the State to ensure that the
5 Executive Branch of the Philippine Government implements the budget as specified
6 in the General Appropriations Act duly enacted by Congress pursuant to its
7 constitutional authority to prescribe all government appropriations.
8

9 **SEC. 3. *Definition of Terms.*** – Section 2, Chapter I, Book VI of Executive Order No.
10 292 otherwise known as the “Administrative Code of 1987” is amended to read as
11 follows:
12

13 “SEC. 2. *Definition of Terms.*—When used in this Book:
14

xxx

1 (13) "Project" means a component of a program covering a
2 homogenous group of activities that results in the
3 accomplishment of an identifiable output.
4

5
6 (14) "AUGMENT" REFERS TO THE POWER TO
7 TRANSFER SAVINGS FROM ONE APPROPRIATION TO
8 COVER DEFICITS IN ANOTHER AS EXERCISED BY
9 THE PRESIDENT, SENATE PRESIDENT, SPEAKER OF
10 THE HOUSE, CHIEF JUSTICE, AND HEADS OF THE
11 CONSTITUTIONAL COMMISSIONS WITHIN THEIR
12 RESPECTIVE BRANCHES AND AGENCIES AS
13 PROVIDED IN THIS BOOK.
14

15 (15) "DEFERRAL" MEANS WITHHOLDING OR
16 DELAYING THE RELEASE OF APPROPRIATED
17 AMOUNTS PROVIDED FOR PROJECTS OR
18 ACTIVITIES.
19

20 (16) "DEFICIT" MEANS AN INSUFFICIENCY IN THE
21 APPROPRIATED AMOUNT FOR THE COMPLETION
22 OF A PARTICULAR PROGRAM, PROJECT, OR
23 ACTIVITY OR THE FULFILLMENT OF CURRENT
24 OPERATING EXPENDITURES AND CAPITAL
25 OUTLAYS NOT ARISING FROM CAUSES SUCH AS
26 OVERPRICING OR OTHER FACTORS WHICH COULD
27 HAVE BEEN REASONABLY FORESEEN IN ORDER TO
28 COMPLETE THE PROGRAM, PROJECT, OR ACTIVITY
29 OR FULFILL CURRENT OPERATING EXPENDITURES
30 AND CAPITAL OUTLAYS WITHIN THE GIVEN
31 APPROPRIATION SPECIFIED IN THE GENERAL
32 APPROPRIATIONS ACT FOR SAID PROGRAM,
33 PROJECT OR ACTIVITY, CURRENT OPERATING
34 EXPENDITURES AND CAPITAL OUTLAYS.

1
2 (17) "SAVINGS" MEANS ANY UNEXPENDED PORTION
3 OR AMOUNT OF MONEY FOR AN APPROPRIATION AS
4 SPECIFIED IN THE GENERAL APPROPRIATIONS ACT
5 RESULTING FROM THE COMPLETION OF A
6 PROGRAM, PROJECT, OR ACTIVITY, OR
7 FULFILLMENT OF THE PURPOSE FOR WHICH THE
8 APPROPRIATION WAS SPECIFIED AT A COST BELOW
9 THE AMOUNT APPROPRIATED THEREFOR DUE TO
10 LOWER-THAN EXPECTED EXPENDITURES. THIS
11 SHALL NOT REFER TO UNEXPENDED AMOUNTS
12 RESULTING FROM THE PRESIDENT'S EXERCISE OF
13 THE POWER TO IMPOUND UNDER SECTION 38,
14 CHAPTER 5 OF BOOK VI. IN ADDITION, THIS SHALL
15 NOT REFER TO UNEXPENDED ITEMS IN A RE-
16 ENACTED BUDGET UNDER SECTION 25(7), ARTICLE
17 VI OF THE PHILIPPINE CONSTITUTION."

18
19 SEC. 4. Section 28 of Chapter 4, Book VI of Executive Order No. 292 otherwise
20 known as the "Administrative Code of 1987" is amended to read as follows:

21
22 "SEC. 28. *Reversion of Unexpended Balances of Appropriations,*
23 *Continuing Appropriations.*—Unexpended balances of
24 appropriations authorized in the General Appropriations Act shall
25 revert to the unappropriated surplus of the General Fund at the
26 end of the fiscal year and shall thereafter be available for
27 expenditure except by subsequent legislative enactment:
28 *Provided,* That appropriations for capital outlays shall remain
29 valid until fully spend or reverted: *Provided, further,* That
30 continuing appropriations for current operating expenditures may
31 be specifically recommended and approved as such in support of
32 projects whose effective implementation calls for multi-year
33 expenditure commitments: *Provided, finally,* That the President
34 may authorize the use of savings realized by an agency during a

1 given year to meet non-recurring expenditures in a subsequent
2 year **UNDER GUIDELINES, CONDITIONS AND LIMITS**
3 **TO BE PRESCRIBED BY CONGRESS IN THE GENERAL**
4 **APPROPRIATIONS ACT AND SUBJECT TO ITS**
5 **REVIEW AND DISALLOWANCES IF THE USE OF**
6 **SAVINGS DOES NOT CONFORM WITH SAID**
7 **PRESCRIBED GUIDELINES, CONDITIONS, AND**
8 **LIMITS.**

9
10 **APPROPRIATIONS FOR CAPITAL OUTLAY SHALL IN**
11 **NO CASE BE REALIGNED FOR PERSONAL SERVICES**
12 **AND CURRENT OPERATING EXPENDITURES.** The
13 balances of continuing appropriations shall be reviewed as part of
14 the annual budget preparation process and the President may
15 approve upon recommendation of the Secretary, the reversion of
16 funds no longer needed in connection with the activities funded
17 by said continuing appropriations.”
18

19 SEC. 5. Section 39 of Chapter 5, Book VI of Executive Order No. 292 otherwise
20 known as the “Administrative Code of 1987” is amended to read as follows:

21
22 “SEC. 39. *Authority to Use Savings in Appropriations to Cover*
23 *Deficits.*—Except as otherwise provided in the General
24 Appropriations Act, any savings in the regular appropriations
25 authorized in the General Appropriations Act for programs and
26 projects of any department, officer or agency, may, with the
27 approval of the President, be used to cover a deficit in any other
28 item of the regular appropriations: *Provided*, That the creation of
29 new positions or increase of salaries shall not be allowed to be
30 funded from budgetary savings except when specifically
31 authorized by law: *Provided, further*, That whenever authorized
32 positions are transferred from one program or project to another
33 within the same department, office or agency, the corresponding
34 amounts appropriated for personal services are also deemed

1 transferred, without, however, increasing the total outlay for
2 personal services of the department, office or agency concerned.

3
4 **UNDER NO CIRCUMSTANCES SHALL SAVINGS BE**
5 **USED FOR PROGRAMS, PROJECTS, AND ACTIVITIES,**
6 **OR ANY OTHER PURPOSE NOT APPROPRIATED FOR**
7 **IN THE GENERAL APPROPRIATIONS ACT PURSUANT**
8 **TO SECTION 29(1), ARTICLE VI OF THE PHILIPPINE**
9 **CONSTITUTION. ANY ACT TO THE CONTRARY**
10 **SHALL CONSTITUTE MISUSE OF GOVERNMENT**
11 **FUNDS AND ILLEGAL EXPENDITURES AS PROVIDED**
12 **IN SECTIONS 43 AND 80 OF THIS BOOK, INCLUDING**
13 **USE OF SAVINGS ON UNPROGRAMMED**
14 **EXPENDITURES BEYOND THE LIMITS PRESCRIBED**
15 **IN THE GENERAL APPROPRIATIONS ACT. ANY USE**
16 **OF EXPENDITURES SUBJECT TO LIMITATIONS**
17 **PROVIDED IN THE GENERAL APPROPRIATIONS ACT**
18 **SHALL BE REVIEWED AND MAY BE DISALLOWED BY**
19 **CONGRESS FOR BEING MADE IN VIOLATION OF SAID**
20 **LIMITATIONS.**

21
22 **IN ADDITION, UNEXPENDED AMOUNTS OF ANY**
23 **LUMP-SUM APPROPRIATION MADE BY CONGRESS**
24 **SHALL UNDER NO CIRCUMSTANCES BE**
25 **CONSIDERED AND USED AS SAVINGS BUT SHALL**
26 **AUTOMATICALLY REVERT BACK TO THE GENERAL**
27 **FUND AT THE END OF THE FISCAL YEAR PURSUANT**
28 **TO SECTION 28 OF THIS BOOK. ANY ACT TO THE**
29 **CONTRARY SHALL LIKEWISE BE CONSIDERED**
30 **MISUSE OF GOVERNMENT FUNDS AND ILLEGAL**
31 **EXPENDITURES AS PROVIDED IN SECTIONS 43 AND**
32 **80 OF THIS BOOK.”**

1 SEC. 6. Section 49 of Chapter 5, Book VI of Executive Order No. 292 otherwise
2 known as the “Administrative Code of 1987” is amended to read as follows:

3
4 “SEC. 49. *Authority to Use Savings for Certain Purposes.*—
5 Savings in the appropriations provided in the General
6 Appropriations Act may be used for the settlement of the
7 following obligations incurred during a current fiscal year or
8 previous fiscal years as may be approved by the **PRESIDENT**
9 **IN ACCORDANCE WITH SPECIFIC GUIDELINES,**
10 **CONDITIONS, AND LIMITATIONS THAT SHALL BE**
11 **PRESCRIBED IN THE GENERAL APPROPRIATIONS**
12 **ACT: Secretary in accordance with rules and procedures as may**
13 **be approved by the President:**

14 xxx”

15
16 SEC. 7. *Separability Clause.* – If any section or provision of this Act is declared
17 unconstitutional or invalid, the same shall not affect the validity and effectivity of the
18 other provisions and portions of this Act.

19
20 SEC. 8. *Repealing Clause.* – This Act amends Section 2 of Chapter I, Section 28 of
21 Chapter 4, and Sections 39 and 49 of Chapter 5, Book VI of Executive Order No. 292.
22 All other laws, decrees, executive orders, letters or instructions, letters of
23 implementation, rules and regulations or parts thereof inconsistent with the provisions
24 of this Act are hereby repealed or modified accordingly.

25
26 SEC. 9. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
27 complete publication in the *Official Gazette* or in at least two (2) national newspapers
28 of general circulation.

Approved,