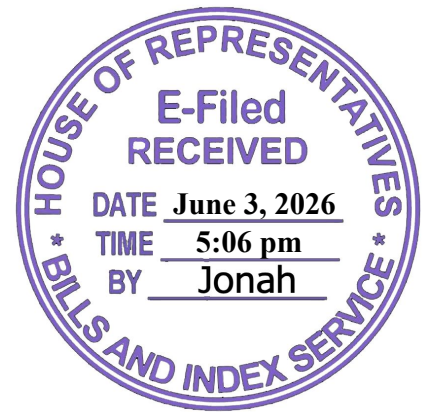


1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Batasan Hills, Quezon City

4
5
6 **TWENTIETH CONGRESS**
7 First Regular Session
8

9
10 **HOUSE BILL No. 9756**
11



12 -----
13 Introduced by
14 **ACT Teachers Party-List Rep. ANTONIO L. TINIO,**
15 **Gabriela Women’s Party Rep. SARAH JANE I. ELAGO,**
16 **and KABATAAN Party-List Rep. RENEE LOUISE M. CO**
17 -----

18
19 **AN ACT**
20 **REPEALING THE AUTOMATIC APPROPRIATION FOR DEBT SERVICE**
21 **BY AMENDING SECTION 31 OF PRESIDENTIAL DECREE NO. 1177 AND**
22 **SECTION 26, CHAPTER 4, BOOK VI OF EXECUTIVE ORDER NO. 292,**
23 **OTHERWISE KNOWN AS THE “ADMINISTRATIVE CODE OF 1987”**
24 **WHICH REITERATES IN TOTO SECTION 31 OF PRESIDENTIAL DECREE**
25 **NO. 1177**
26

27
28 **EXPLANATORY NOTE**
29

30 This Bill amends Section 31 of Presidential Decree No. 1177, otherwise known
31 as the “Budget Reform Decree of 1977,” issued during the martial law period which
32 provides for automatic appropriation for public debt service. It likewise amends Section
33 26, Chapter 4, Book VI of Executive Order No. 292, otherwise known as the
34 “Administrative Code Of 1987,” which reiterates *in toto* Section 31 of PD 1177. These
35 laws provide for a no-questions-asked priority for debt servicing, a policy implemented
36 during martial law and throughout the post-EDSA 1 administrations, thereby limiting
37 the budget available for education as well as other social services.
38

39 The effective repeal of automatic appropriation for debt service remedies a long-
40 standing defect in the government’s policies on the budget—the indiscriminate payment
41 of all public debts including indefensible loans, regardless of the grave diversion of
42 finances from basic services. It affirms and asserts the obligation of the State under
43 Article II, Section 9 of the 1987 Constitution to “promote a just [social order]...through
44 policies that provide adequate social services.”
45

1 The Bill's passage will pave the way for a more rational and humane budgetary
2 process. It will bring, annually, hundreds of billions of pesos within greater control of
3 the people, rather than being paid for debt servicing. The excesses of past
4 administrations—from the Marcos Sr. dictatorship until the Marcos Jr. administration—
5 will no longer hold the country hostage, and only legitimate loans, not onerous and
6 fraudulent debts, will be serviced. The government can begin to prioritize badly needed
7 social services.

8
9 Since 1986, cumulative debt servicing has been consuming almost a third of the
10 annual national government budget. Meanwhile, the country's public schools,
11 universities and colleges perennially suffer from decrepit facilities, teachers, textbook
12 and classroom shortages. Government hospitals are being closed, public health services
13 are a pittance, and vital medicines and treatments, especially for the poor, have become
14 inaccessible. Public provision for social goods and services are steadily being crippled,
15 with increasing reliance on the private sector, to the detriment of vulnerable sectors such
16 as the poor, senior citizens, and persons with disabilities.

17
18 The need to repeal the law on automatic appropriation for debt servicing has
19 become more urgent as the public debt has become an albatross for the nation. The
20 country's debt is bloated by revenue losses from trade liberalization, overly generous
21 fiscal incentives for foreign investors, and the guarantee of profits as the government
22 assumes contingent liabilities. Debt-to-GDP ratio is still high at 65.2% as of March
23 2026.¹ The government's continued dependence on borrowing means that the debt
24 service burden is getting heavier and heavier.

25
26 The large share of debt servicing in the national budget has exacerbated the
27 government's worsening neglect of social services since 1997. Education, health and
28 social welfare budgets remain insufficient while a large share of the people's taxes is
29 allocated for debt payment. In 2026, debt servicing amounted to ₱2.006 trillion, of
30 which ₱950 billion is for interest payment and ₱1.056 trillion is for payment for
31 principal amortization of foreign and domestic debts. The amount for debt servicing is
32 higher than the 2026 allotment for the Department of Education, which is ₱961.32
33 billion, and the Department of Health with ₱297.86 billion.

34
35 From ₱5.95 trillion in June 2016, the national government outstanding debt
36 doubled to ₱12.79 trillion in June 2022. According to the Department of Finance, the
37 Duterte administration has added ₱6.84 trillion in debt due to the pandemic, surpassing
38 the combined borrowings of all previous administrations from Marcos Sr.'s ₱365
39 billion; C. Aquino's ₱372 billion; Ramos' ₱681 billion; Estrada's ₱766 billion;
40 Arroyo's ₱2.40 trillion; and B. Aquino's ₱1.37 trillion.² As of March 2026, the total

¹ "National Government Debt." Bureau of Treasury, 7 May 2026. Retrieved from
https://www.treasury.gov.ph/?page_id=12407. Accessed on 18 May 2026.

² "Gov't strategically manages large borrowings inherited from past admin, grows the economy faster and brings down debt to sustainable level." Department of Finance, 5 June 2025. Retrieved from
<https://www.dof.gov.ph/govt-strategically-manages-large-borrowings-inherited-from-past-admin-grows-the-economy-faster-and-brings-down-debt-to-sustainable-level/>.

1 Philippine outstanding debt stood at ₱18.488 trillion translating into ₱5.696 trillion
2 additional debt under the Marcos Jr. administration.

3
4 Despite the government's huge debt servicing, the government is still borrowing
5 heavily. In nominal terms, the total debt added by the Duterte administration is over
6 two and a half times that of the Arroyo administration and five times that of the B.
7 Aquino administration.³ Meanwhile, the Marcos Jr. administration, in less than four
8 years, has already borrowed nearly as much of the total debt incurred by the Duterte
9 administration.

10
11 The automatic appropriation for debt service at the expense of basic services is
12 unjust. It preempts the people's prerogative by giving absolute and unquestioned
13 priority to debt servicing and placing so much of the national budget outside normal
14 budget processes. It has caused economic policy to systematically favor narrow private
15 creditor and corporate interests over the needs of the people. It even encourages gross
16 fiscal irresponsibility by making loans depend less on their merits than on the capacity
17 of the government to squeeze the people for repayment funds.

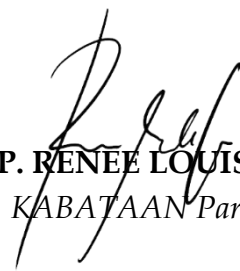
18
19 But there's only so much blood that can be drawn from stones. Urgent and
20 appropriate legislation is vital to correct this long-festering problem.

21
22 This Bill was first filed by Bayan Muna Representative Satur Ocampo during the
23 13th Congress as House Bill 2496. It was refiled by the Makabayan Bloc in the
24 succeeding Congresses.

25
26 In the light of the foregoing, immediate approval of this Bill is earnestly sought.


REP. ANTONIO L. TINIO
ACT Teachers Party-list


REP. SARAH JANE I. ELAGO
Gabriela Women's Party


REP. RENEE LOUISE M. CO
KABATAAN Party-list

27

³ "Duterte's Midterm: Change for the Worse." IBON Foundation, 22 July 2019.
<https://www.ibon.org/dutertes-midterm-change-for-the-worse/>.

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2 **HOUSE OF REPRESENTATIVES**
3 Batasan Hills, Quezon City
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6 **TWENTIETH CONGRESS**
7 First Regular Session
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9
10 **HOUSE BILL No. 9756**
11

12 -----
13 Introduced by
14 **ACT Teachers Party-List Rep. ANTONIO L. TINIO,**
15 **Gabriela Women's Party Rep. SARAH JANE I. ELAGO,**
16 **and KABATAAN Party-List Rep. RENEE LOUISE M. CO**
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19 **AN ACT**
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22 **SECTION 26, CHAPTER 4, BOOK VI OF EXECUTIVE ORDER NO. 292,**
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24 **WHICH REITERATES *IN TOTO* SECTION 31 OF PRESIDENTIAL DECREE**
25 **NO. 1177**
26

27
28 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
29 *assembled:*
30

31 **SECTION 1.** Section 31 of Presidential Decree No. 1177 of July 30, 1977, entitled
32 *"Revising the Budget Process in Order to Institutionalize the Budgetary Innovations of*
33 *the New Society,"* is hereby amended to read as follows:
34

35 "Section 31. Automatic Appropriations. All expenditures for [(a)] personnel
36 retirement premiums, government service insurance, and other similar fixed
37 SOCIAL SERVICE expenditures [(b) principal and interest on public debt,
38 (c) national government guarantees of obligations which are drawn upon,]
39 are automatically appropriated: *Provided,* that no obligations shall be
40 incurred or payments made from funds thus automatically appropriated
41 except as issued in the form of regular budgetary allotments."
42

43 **SEC. 2.** Section 26, Chapter 4, Book VI of Executive Order No. 292, otherwise known
44 as the *"Administrative Code of 1987,"* which reiterates *in toto* Section 31 of Presidential
45 Decree No. 1177 and similar laws, decrees, executive orders, administrative orders, or
46 circulars are likewise hereby amended.

1
2 **SEC. 3. *Effectivity.*** - This Act shall take effect after fifteen (15) days following the
3 completion of its publication in the Official Gazette or in a national newspaper of
4 general circulation.
5

6
7 *Approved,*
8