

FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

SENATE  
OFFICE OF THE SECRETARY

10 JUN 23 49:55

SENATE

S. B. No. 2181

RECEIVED BY: 

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Introduced by Senator TEOFISTO "TG" GUINGONA III

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#### EXPLANATORY NOTE

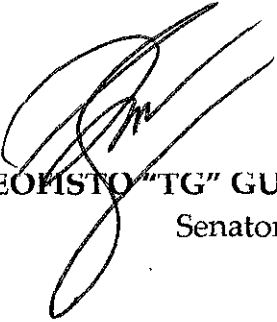
As a general rule, savings from items specified in the General Appropriations Act should revert to the General Fund, which could only be expended by virtue of a subsequent legislation. However, pursuant to Section 25 (5), Article VI of the 1987 Philippine Constitution, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commission may be authorized by law to use such savings to augment any item in the General Appropriations Act (GAA) for their respective offices.

This particular privilege granted to the aforementioned government officials, especially the President, has been subject to unconscionable abuses as can be seen from the scandal involving the fertilizer fund. It also contributes to the budget deficit. Moreover, the exercise of such discretion is frequently used to usurp the power of the purse and subvert the will of the Legislature.

The problem springs from the loose definition attached to the term savings, the unbridled discretion afforded to those who are given the privilege and the lack of transparency when it comes to the source of these savings and where it is transferred or expended.

As transfer of appropriations accounts for about ten per cent (10%) of the budget, it is about time that parameters be laid down to limit the discretion afforded to those who possess the privilege, which until this day, remained unchecked.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.

  
TEOFISTO "TG" GUINGONA III  
Senator

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AN ACT  
DEFINING THE TERM "SAVINGS" AS USED IN THE NATIONAL BUDGET AND  
PROVIDING GUIDELINES FOR ITS USE AND EXPENDITURE, AND FOR OTHER  
PURPOSES.

*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 "Budget Savings Act of  
2 2010".

3 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to  
4 formulate and implement a National Budget that is within the framework of  
5 accountability, transparency, stability, performance and participation and which is an  
6 instrument of national development, reflective of national objectives, strategies and  
7 plans.

8 SEC. 3. *Definition of Terms.* – As used in this Act:

9 (a) "Savings" shall mean the unexpended balances of an appropriation  
10 authorized in the General Appropriations Act (GAA) or unobligated  
11 amount of allotment released by the Department of Budget and  
12 Management (DBM), as determined by the agency budget officers and  
13 certified by the Departments/Agencies, including the Senate and the  
14 House of Representatives, as well as the constitutional bodies and offices

1 enjoying fiscal autonomy, resulting from the completion or final  
2 discontinuance or abandonment of the work, activity or purpose for  
3 which the appropriation is authorized; from appropriation/allotment  
4 balances arising from unpaid compensation and related costs pertaining  
5 to vacant positions and leaves of absence without pay; and from  
6 appropriations balances realized from the implementation of measures  
7 resulting in improved systems and efficiencies and thus enabled an  
8 agency to meet and deliver the required or planned targets, programs and  
9 services approved in the GAA at a lesser cost. The term however shall not  
10 include unexpended portion of any re-enacted national budget;

11 (b) "Augment" shall mean the authority of the President, the Senate  
12 President, the Speaker of the House of Representatives, the Chief Justice of  
13 the Supreme Court, and the heads of the Constitutional Commissions to  
14 transfer funds to cover deficits in any item of the regular appropriations  
15 specified in the GAA for their respective offices.

16 (c) "Deficit" shall mean the insufficiency of an appropriation for a particular  
17 item in the GAA, as determined by the Departments/Agencies, including  
18 the Senate and the House of Representatives, as well as the constitutional  
19 bodies and offices enjoying fiscal autonomy, at the end of the fiscal year,  
20 resulting from unexpected increase in the cost of goods and services and  
21 unforeseen conditions that makes it necessary to increase the funds to be  
22 expended over and above the amount appropriated for a particular item.

23 **SEC. 4. Reportorial Procedures.** – For purposes of transparency and  
24 accountability, all Departments/Agencies, including the Senate and the House of

1 Representatives, as well as the constitutional bodies and offices enjoying fiscal  
2 autonomy, shall submit a report to the DBM at the end of every quarter as to the current  
3 financial status of its appropriations, the cumulative allotments, obligations incurred or  
4 liquidated, total disbursements, unliquidated obligations and unexpended balances for  
5 both appropriations and allotments. The Departments/Agencies, including the Senate  
6 and the House of Representatives, as well as the constitutional bodies and offices  
7 enjoying fiscal autonomy, shall indicate therein if there are deficits in their budget that  
8 need to be augmented or if there are savings in their particular office. The DBM shall  
9 consolidate these reports and transmit such to the Committee on Finance of the Senate  
10 and the Committee on Appropriations of the House of Representatives, fifteen (15) days  
11 after the end of every quarter.

12         **SEC. 5. *Use of Savings to Augment Items in the GAA.*** – The report of the heads of  
13 the Departments/Agencies, including the Senate and the House of Representatives, as  
14 well as the constitutional bodies and offices enjoying fiscal autonomy, shall form the  
15 basis for the President, the Senate President, the Speaker of the House of  
16 Representatives, the Chief Justice of the Supreme Court and the heads of the  
17 Constitutional Commissions to declare the existence of savings and to exercise their  
18 discretion, as may be authorized by law, to augment any items in the appropriations  
19 law pertaining to their respective offices: *Provided,* That in the absence of such  
20 reportorial requirements, the savings of each Departments/Agencies, including that of  
21 the Senate and the House of Representatives, except for the constitutional bodies and  
22 offices enjoying fiscal autonomy, shall revert to the General Fund at the end of the fiscal  
23 year and shall not thereafter be available for expenditure except by subsequent  
24 legislation.

1           **SEC. 6. Documentation.** – The sources of savings and where it is transferred shall  
2 be part of the regular reporting of the DBM. These reports shall be made readily  
3 available to the public on the websites of the DBM, the Senate and the House of  
4 Representatives.

5           **SEC. 7. Separability.** – If, for any reason, any section or provision of this Act is  
6 held unconstitutional or invalid, no other section or provision shall be affected.

7           **SEC. 8. Repealing clause.** – All laws, decrees, executive orders, rules and  
8 regulations, issuances or any part thereof inconsistent with the provisions of this Act  
9 are hereby repealed or amended accordingly.

10           **SEC. 9. Effectivity.** – This Act shall take effect fifteen (15) days after its  
11 publication in at least two (2) national newspapers of general circulation.

Approved,