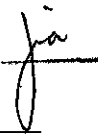


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SENATE

S.No. 251

RECEIVED BY: 

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Introduced by Senator Ralph G. Recto

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### Explanatory Note

The Philippine Amusement and Gaming Corporation (PAGCOR) in the recent past shares the spotlight with other Government Owned and Controlled Corporations (GOCCs) in a spate of controversies involving the alleged misuse of their funds, thereby shortchanging the National Government and their mandated beneficiaries.

Based on recent findings of the current management, former PAGCOR officials are indicted for transgressions in the proper use of the income generated by the corporation in the past few years. These anomalous transactions include the use of generated revenues to finance partisan activities in the previous elections, and failure to allocate and remit the mandatory contributions to beneficiaries, among others. More importantly, the overall financial statements of PAGCOR remains concealed to the public eye, as government audit is limited to the 5% franchise tax and the 50% net government share of winnings.

At present, PAGCOR contributes to a number of government agencies performing various services, and to development programs on sports, early childhood care, micro, small and medium enterprises, and the arts, as mandated by existing laws. Aside from the national government share of the income, cities hosting the casinos also benefit from the income generated by PAGCOR. Finally, the net income of the corporation goes to the Social Fund of the President of the Philippines.

The public finds itself unapprised of the financial status of PAGCOR. With the limited coverage of the audit, as mandated by the existing charter, there is no transparency in the utilization of the funds PAGCOR generates. Moreover, the funds of PAGCOR is considered an off-budget item and not included among those evaluated during public hearings on the General Appropriations Bill, hence it is devoid of any Congressional scrutiny.

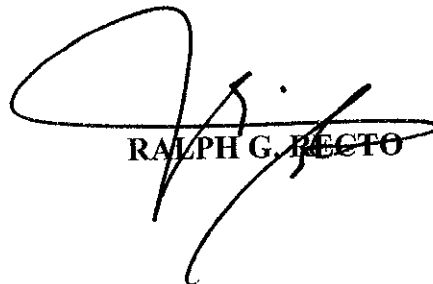
This bill intends to amend the charter of PAGCOR. Under the bill, the 50% share of the government in the aggregate gross earnings of the government corporation shall be allocated to fund the K to 12 Program of the Department of Education (DepEd). This allocation is meant to improve the quality of education in all public schools nationwide by augmenting funds for the following: construction of needed classrooms, hiring of teachers, provision of additional chalk allowances for all public teachers, conduct of supplementary feeding program in all public elementary schools, continuing education program for public school teachers, provision of internet access in all public schools, and acquisition of equipment and facilities for the technical-vocational courses under the K to 12 program.

The provision of funds for the K to 12 Program will benefit more than 22 million students in the public schools nationwide. With this measure, shortages for both classrooms and teachers will be addressed. Thus, students will no longer suffer from overcrowded classrooms, or from classes held under the trees and teachers will no longer shoulder the burden of overloaded teaching workloads. More so, public school students can benefit from quality education at more conducive learning environments, equipped with the proper tools for learning, and mentored by capable teachers.

In order to promote transparency, the amount to be allocated to fund the K to 12 Program under the DepEd shall be included in the General Appropriations Act (GAA).

With PAGCOR funds used to finance the K to 12 Program, the government will no longer be pressured to raise new taxes nor cut budget allocations of other agencies in order to meet the requirements of the public school system. This will also result in a higher quality of education that will mean a brighter future for Filipino children.

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



RALPH G. RECTO

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



Senate  
Office of the Secretary

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SENATE

S. No. 251

RECEIVED BY: *ji*

Introduced by Senator Ralph G. Recto

**AN ACT**  
**IMPROVING THE QUALITY OF EDUCATION BY AUGMENTING THE BUDGET FOR THE K TO 12 PROGRAM OF THE DEPARTMENT OF EDUCATION (DEPED), PROVIDING FUNDS FROM THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR) INCOME, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1869, AS AMENDED BY REPUBLIC ACT NO. 9487**

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

1        **SECTION 1.** Section 1 of Presidential Decree No. 1869, as amended by Republic Act No.  
2 9487 is hereby further amended to read as follows:

3                "Section 1. Declaration of Policy. — It is hereby declared to be the policy of the  
4 State to centralize and integrate all games of chance not heretofore authorized by existing  
5 franchises or permitted by law in order to attain the following objectives:

6                (a) To centralize and integrate the right and authority to operate and conduct games of  
7 chance into one corporate entity to be controlled, administered and supervised by the  
8 Government;

9                (b) To establish and operate clubs and casinos, for amusement and recreation, including  
10 sports gaming pools (basketball, football, lotteries, etc.) and such other forms of  
11 amusement and recreation including games of chance, which may be allowed by law  
12 within the territorial jurisdiction of the Philippines and which will [(1)] generate sources  
13 of additional revenue to fund **THE K TO 12 PROGRAM OF THE DEPARTMENT**  
14 **OF EDUCATION (DEPED)**; [infrastructure and socio-civic projects, such as flood  
15 control programs, beautification, sewerage and sewage projects, Tulungan ng Bayan  
16 Centers, Nutritional Programs, Population Control and such other essential public  
17 services;]

18                (C) [(2)] **TO** create recreation and integrated facilities which will expand and improve the  
19 country's existing tourist attractions; **AND**

1 (D) [(3)] TO [minimize, if not totally] eradicate [,] the evils, malpractices and corruptions  
2 that are normally prevalent in the conduct and operation of gambling clubs and casinos  
3 without direct government involvement.”

4 Sec. 2. Section 7 of Presidential Decree No. 1869, as amended by Republic Act No. 9487 is  
5 hereby further amended to read as follows:

6 "Section 7. Powers, Functions and Duties of the Board of Directors. — The Board  
7 shall have the following powers, functions and duties;

8 a) To allocate and distribute[, with the approval of the Office of the President of the  
9 Philippines,] the earnings of the Corporation **AS PROVIDED FOR BY LAW** [earmarked  
10 to finance infrastructure and socio-civic projects];

11 b) To designate the commercial bank that shall act as the depository bank of the Corporation  
12 and/or trustee of the funds of the Corporation;

13 c) To prepare and approve at the beginning of each calendar year the budget that may be  
14 necessary under any franchise granted to it, to insure the smooth operation of the  
15 Corporation; and to evaluate and approve budgets submitted to it by other corporations or  
16 entities with which it might have any existing contractual arrangement; **AND**

17 [d) To submit to the Office of the President of the Philippines before the end of February of  
18 each year a list of all the infrastructure and/or socio-civic projects that might have been  
19 financed from the Corporation's earnings, and to submit such periodic or other reports as  
20 may be required of it from time to time; and]

21 (D) [(e)] To perform such other powers, functions and duties as may be directed and authorized  
22 by the President of the Philippines or as may be necessary or proper for the  
23 accomplishment of its purposes and objectives.”

24 Sec. 3. Section 12 of Presidential Decree No. 1869, as amended by Republic Act No. 9487 is  
25 hereby further amended to read as follows:

26 "Section 12. Special Condition of Franchise. — After deducting five (5%)  
27 percent as Franchise Tax, the Fifty (50%) percent share of the Government in the  
28 aggregate gross earnings of the Corporation from this Franchise shall be immediately set  
29 aside and allocated to fund the **K TO 12 PROGRAM OF THE DEPARTMENT OF**  
30 **EDUCATION (DEPED) THROUGH THE** following: [infrastructure and socio-civil  
31 projects within the Metropolitan Manila Area:

32 (a) Flood Control

33 (b) Sewerage and Sewage

34 (c) Nutritional Control

35 (d) Population Control

1 (e) Tulungan ng Bayan Centers

2 (f) Beautification

3 (g) Kilusang Kabuhayan at Kaunlaran (KKK) projects; provided, that should the aggregate  
4 gross earning be less than P150,000,000.00, the amount to be allocated to fund the above-  
5 mentioned project shall be equivalent to sixty (60%) percent of the aggregate gross  
6 earning.

7 In addition to the priority infrastructure and socio-civic projects with the Metropolitan  
8 Manila specifically enumerated above, the share of the Government in the aggregate gross  
9 earnings derived by the Corporate from this Franchise may also be appropriated and  
10 allocated to fund and finance infrastructure and/or socio-civic projects throughout the  
11 Philippines as may be directed and authorized by the Office of the President of the  
12 Philippines.]

13 **(A) CONSTRUCTION OF CLASSROOMS;**

14 **(B) HIRING OF PUBLIC SCHOOL TEACHERS;**

15 **(C) PROVISION OF ADDITIONAL ANNUAL CHALK ALLOWANCE IN THE**  
16 **AMOUNT OF TWO THOUSAND PESOS (PhP2,000.00) FOR ALL PUBLIC**  
17 **SCHOOL TEACHERS NATIONWIDE;**

18 **(D) SUPPLEMENTARY FEEDING PROGRAM IN ALL PUBLIC ELEMENTARY**  
19 **SCHOOLS NATIONWIDE;**

20 **(E) CONTINUING TEACHERS EDUCATION PROGRAM FOR PUBLIC**  
21 **SCHOOL TEACHERS;**

22 **(F) PROVISION OF INTERNET ACCESS IN ALL PUBLIC SCHOOLS**  
23 **NATIONWIDE; AND**

24 **(G) ACQUISITION OF EQUIPMENT AND FACILITIES FOR THE**  
25 **TECHINICAL-VOCATIONAL COURSES UNDER THE K TO 12 PROGRAM:**

26 ***PROVIDED*, THAT THE EQUIVALENT AMOUNT HEREIN PROVIDED SHALL**  
27 **BE INCLUDED IN THE GENERAL APPROPRIATIONS ACT (GAA) UNDER**  
28 **THE BUDGET OF THE DEPARTMENT OF EDUCATION (DEPED).**

29 **Sec. 4. *Implementing Rules and Regulations.*** – Within sixty (60) days upon effectivity of this  
30 Act, the PAGCOR, the Department of Education and the Department of Budget and Management  
31 (DBM) shall provide the necessary rules and regulations for the proper disposition of the said funds  
32 and the effective implementation of this Act.

33 **Sec. 5. *Separability Clause.*** – If any provision of this Act is subsequently declared  
34 unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

1           **Sec. 6. Repealing Clause.** – All laws, decrees, executive orders, rules and regulations and  
2 other issuances or parts thereof which are inconsistent with this Act are hereby repealed or modified  
3 accordingly.

4           **Sec. 7. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the  
5 Official Gazette or in any two (2) newspapers of general circulation.

*Approved,*