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10 JUL -7 1980

SENATE

Senate Bill No. 767

RECEIVED BY: _____

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

The Budget Process as provided in Book VI of the Revised Administrative Code of 1987 (Executive Order No. 292) is the primary implementing law on the powers and limitations of both the executive and legislative branches in the preparation, authorization and implementation of the annual General Appropriations Act. Unfortunately, this law heavily borrows from Presidential Decree No. 1177 which was passed at a time when the power of the Executive was heavily favored at the cost of the independence and power of the Legislative Branch of Government. At the same time, current provisions of the Revised Administrative Code expand on the limitations of Congress in the Budget Process, providing for stricter guidelines than that contemplated under the Constitution. While the Constitution sees the Congress as an active, not passive, participant in the Budget Process, the Revised Administrative Code unnecessarily puts shackles on the power of Congress in determining the priorities, direction and vision of government as expressed in the substance of the Annual Budgetary Appropriations, contrary to the very spirit and purpose of Congress as the bearer of the Power of the Purse as enshrined in the 1987 Constitution.

In general, the revised Administrative Code of 1987 limits, in a manner that exceed conditions set forth in the Constitution, the powers that Congress ought to be able to exercise in the course of budget approval. In general, the revised Administrative Code of 1987 and the practice of budget execution in recent years have been used by the Executive to exercise resource allocation powers beyond what the 1987 Constitution has bestowed upon it.

This Act seeks and proposes to amend provisions of Book VI of the Revised Administrative Code to reflect the spirit and noble intent of the 1987 Constitution to remove all vestiges of unmitigated Executive might and to restore Congress' power over the purse in the hope that through the reclamation of this power, Congress will be able to strengthen its ability to check the Executive.

Specifically, this legislation intends to achieve the following reforms in the national budget process:

Ensure that the Executive branch of the Philippine government implements the budget as specified in the General Appropriations Act, making the execution of the budget as approved by Congress mandatory and making it illegal and punishable by law to do otherwise without Congressional authorization. Thus, the creation of reserves and the deferral or suspension of expenditure of appropriations in cases where a fiscal crisis or other contingencies

creates a situation that makes it difficult for the Executive to implement the entire budget as approved in the General Appropriations Act can only be carried out after Congress gives its approval.

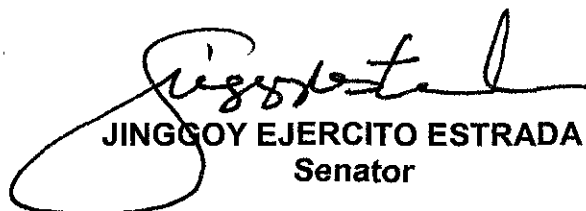
Ensure that in cases of budget re-enactment, only appropriations for salaries and wages for permanent positions, contractual obligations, and unfinished projects, programs and activities are re-enacted. Thus, the budget that is re-enacted should not be treated as a lump-sum that can be disbursed in its entirety without any restraints.

Ensure that Congress is enabled to revise implementing rules of lump sum appropriations, and to suspend entirely the expenditure of lump sum appropriations if it finds the implementing rules to be unsatisfactory.

Ensure that savings generated from an unexpected reduction in the costs of achieving project and program objectives supported by the General Appropriations Act are properly accounted for and reported to Congress on a quarterly basis. Ensure further that unspent amounts from lump sum appropriations will be reverted to the general fund, and disbursed only following fresh Congressional authorization.

Ensure that, in addition to receiving reports about savings generated from completed projects, programs and activities, Congress shall also be provided with (1) a list of programs and projects funded by domestic and foreign loans and their corresponding implementing agencies, (2) a list of obligations and contracts of government corporations backed by government guarantees and the list of programs and projects funded by these obligations and contracts, (3) financial statements of all government corporations that require national budget support in the form of direct outlays, subsidies, guarantees, and tax and duty exemptions, and of all government corporations that remit revenues to the national government, and (4) a quarterly report on allotment releases.

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



JINGCOY EJERCITO ESTRADA
Senator

10 JUL -7 P5:10

SENATE

Senate Bill No. 767

RECEIVED BY: 

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

AN ACT

PRESCRIBING REFORMS IN NATIONAL GOVERNMENT BUDGETING, AMENDING FOR THESE PURPOSES PERTINENT PROVISIONS OF BOOK VI OF EXECUTIVE ORDER 292, OTHERWISE KNOWN AS THE REVISED ADMINISTRATIVE CODE OF 1987, AND PROVIDING FOR OTHER RELATED PURPOSES

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

SECTION 1. Title. - This shall be known as the "**Budget Reform Act of 2010.**"

SEC. 2. Definition of Terms. - Section 2, Chapter 1, Book VI of EO 292 is hereby amended to include the following definitions:

"SEC 2. Definition of Terms. - When used in this Book:

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(3) "**AUGMENT**" IS THE POWER TO TRANSFER SAVINGS FROM ONE APPROPRIATION TO COVER DEFICITS IN ANOTHER AS EXERCISED BY THE PRESIDENT, SENATE PRESIDENT, SPEAKER OF THE HOUSE, CHIEF JUSTICE, AND HEADS OF THE CONSTITUTIONAL COMMISSIONS WITHIN THEIR RESPECTIVE BRANCHES AND AGENCIES AS PROVIDED IN THIS BOOK.

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(8) "**DEFICIT**" MEANS AN INSUFFICIENCY IN THE APPROPRIATED AMOUNT FOR THE COMPLETION OF A PARTICULAR PROGRAM, PROJECT OR ACTIVITY OR THE FULFILLMENT OF CURRENT OPERATING EXPENDITURES AND CAPITAL OUTLAYS NOT ARISING FROM CAUSES SUCH AS OVERPRICING OR OTHER FACTORS WHICH COULD HAVE BEEN REASONABLY FORESEEN IN ORDER TO COMPLETE THE PROGRAM WITHIN THE GIVEN APPROPRIATION SPECIFIED IN THE GENAML APPROPRIATIONS ACT FOR SAID PROGRAM, PROJECT OR ACTIVITY, CURRENT OPERATING EXPENDITURES AND CAPITAL OUTLAYS.

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(16) **"SAVINGS"** MEANS ANY UNEXPENDED PORTION OR AMOUNT OF MONEY FOR AN APPROPRIATION AS SPECIFIED IN THE GENERAL APPROPRIATIONS ACT RESULTING FROM THE COMPLETION OF A PROGRAM, PROJECT OR ACTIVITY OR FULFILLMENT OF THE PURPOSE FOR WHICH THE APPROPRIATION WAS SPECIFIED AT A COST BELOW THE AMOUNT APPROPRIATED DUE TO LOWER-THAN EXPECTED EXPENDITURES. THIS SHALL NOT REFER TO UNEXPENDED AMOUNTS RESULTING FROM THE SUSPENSION OF EXPENDITURE OF APPROPRIATIONS. IN ADDITION, THIS SHALL NOT REFER TO UNEXPENDED APPROPRIATIONS IN A RE-ENACTED BUDGET FOR COMPLETED OR SUSPENDED PROJECTS OR PROGRAMS.

(17) **"SPECIAL APPROPRIATION"** IS A LAW OTHER THAN THE GENERAL APPROPRIATIONS ACT APPROPRIATING FUNDS FOR A PARTICULAR PROGRAM, PROJECT, OR ACTIVITY."

(18) **"RE-ENACTED BUDGET"** REFERS TO THE PREVIOUS YEAR'S BUDGET THAT TAKES EFFECT IN CASE CONGRESS FAILS TO PASS A NEW GENERAL APROPRIATIONS ACT FOR THE CURRENT YEAR.

SEC. 3. Section 12, Chapter 3, Book VI of EO 292, is hereby amended to read as follows:

"SEC. 12. Form and Content of the Budget. - The budget proposal of the President shall include current operating expenditures and capital outlays. It shall comprise such funds as may be necessary for the operation of the programs, projects and activities of the various departments and agencies. [The proposed General Appropriations Act and other Appropriations Acts necessary to cover the budget proposals shall be submitted to the Congress to accompany the President's budget submission.] ALL APPROPRIATIONS AND EXPENDITURES FOR A PARTICULAR DEPARTMENT, OFFICE, AGENCY AND/OR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS SHALL BE INCLUDED AND LISTED EXCLUSIVELY IN THE BUDGET FOR SUCH DEPARTMENT, OFFICE, AGENCY AND/OR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS HAVING CONTROL OVER SUCH FUNDS. ALL EXPENDITURES OF THE VARIOUS DEPARTMENTS, OFFICES, AGENCIES AND/OR GOVERNMENT-OWNED OR CONTROLLED CORPORATION SHOULD BE UNIFORMLY CLASSIFIED BY COMMON ACCOUNT TITLES. THE PRESENTATION OF ALL PROJECTED REVENUE AND PROPOSED EXPENDITURE ITEMS MUST SHOW THE CURRENT YEARS CORRESPONDING REVENUE AND EXPENDITURE TOGETHER WITH THE PREVIOUS TWO YEARS' CORRESPONDING ACTUAL REVENUE AND EXPENDITURE.

The budget shall be presented to the Congress in such form and content as [may be approved by the President] PRESCRIBED IN THIS SECTION and [may] SHALL include the following:

(1) A budget message setting forth in brief the government's budgetary thrusts for the budget year, including their impact on development goals, monetary and fiscal objectives, and generally on the implications of the revenue, expenditure and debt-proposals; and

(2) Summary financial statements setting forth

(a) Estimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from operating revenues and from domestic and foreign borrowings, TOGETHER WITH A BREAKDOWN AND JUSTIFICATION OF ALL ITEMS IN EXCESS OF ONE HUNDRED MILLION PESOS AS WELL AS A LISTING OF CAPITAL OUTLAYS SUPPORTED BY JUSTIFICATION AND COST BENEFIT ANALYSIS;

(b) Estimated receipts during the ensuing fiscal year under laws existing at the time the budget is transmitted and under the revenue proposals, if any, forming part of the year's financing program, TOGETHER WITH A BREAKDOWN OF RECEIPT ITEMS AND LISTING OF ASSUMPTIONS;

(c) Actual appropriations, expenditures, and receipts during the last completed fiscal year, TOGETHER WITH A DETAILED EXPLANATION OF THE VARIANCES, IF ANY, BETWEEN THE ESTIMATED AND ACTUAL RECEIPTS, AND BETWEEN THE PROPOSED AND ACTUAL EXPENDITURES;

(d) [Estimated] ACTUAL APPROPRIATIONS, expenditures and receipts [and actual or proposed appropriations] during the fiscal year in progress, TOGETHER WITH A DETAILED EXPLANATION OF THE VARIANCES, IF ANY, BETWEEN THE ESTIMATED AND ACTUAL RECEIPTS, AND BETWEEN THE PROPOSED AND ACTUAL EXPENDITURES;

(e) [Statements of] The condition of the National Treasury at the end of the last completed fiscal year, the estimated condition of the Treasury at the end of the fiscal year in progress and the estimated condition of the Treasury at the end of the ensuing fiscal year, taking into account the adoption of financial proposals contained in the budget and showing, at the same time, the unencumbered and unobligated cash resources;

(f) Essential facts regarding the bonded and other long-term obligations and indebtedness of the Government, both domestic and foreign, including identification of recipients of loan proceeds, TOGETHER WITH AN EXPLANATION OF HOW THE LOAN PROCEEDS WERE USED AND A LISTING OF PROJECTS, PROGRAMS AND OFFICES BENEFITED FROM SUCH LOANS;

(g) [Such other financial statements and data as are deemed necessary or desirable in order to make known in reasonable detail the financial condition of the government.] ESSENTIAL FACTS REGARDING OBLIGATIONS AND CONTRACTS, REGARDLESS OF FUNDING SOURCE, OF GOVERNMENT AGENCIES, CORPORATIONS OR OTHER ENTITIES THAT ARE BACKED BY GOVERNMENT GUARANTEES, TOGETHER WITH AN EXPLANATION OF THE RATIONALE FOR INCURRING THE OBLIGATIONS AND CONTRACTS, AND A LISTING OF PROJECTS, PROGRAMS, AND OFFICES THAT BENEFITED FROM THESE OBLIGATIONS AND CONTRACTS;

(h) THE FINANCIAL POSITION FOR THE LAST COMPLETED FISCAL YEAR, AND THE FISCAL YEAR IN PROGRESS, AND THE PROPOSED OPERATING BUDGETS FOR THE ENSUING FISCAL YEAR, OF ALL GOVERNMENT CORPORATIONS REMITTING REVENUES TO THE NATIONAL GOVERNMENT OR REQUIRING NATIONAL BUDGET SUPPORT EITHER IN THE FORM OF DIRECT OUTLAYS, SUBSIDIES, GUARANTEES, AND TAX AND DUTY EXEMPTIONS; AND (i) SUCH OTHER FINANCIAL STATEMENTS AND DATA AS ARE DEEMED NECESSARY OR DESIRABLE IN

ORDER TO MAKE KNOWN IN REASONABLE DETAIL THE FINANCIAL CONDITION OF THE GOVERNMENT.”

SEC. 4. Section 21, Chapter 3, Book VI of EO 292, is hereby amended to read as follows:

“SEC. 21. *Appropriation for Personal Services.* - Appropriations for personal services shall be [considered as] included in the amount specified for each budgetary program and project of each department, bureau, office or agency, and shall [not] be itemized by plantilla position. The itemization of personal services shall be prepared by the Secretary [for consideration and approval of the President] as provided in Section 23 hereof. [Provided, that] Itemization of personal services shall be prepared for all agencies of the Legislative, Executive and Judicial Branches and the Constitutional bodies, except as may be otherwise approved by the President for positions concerned with national security matters.”

SEC. 5. Section 23, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

“SEC. 23. *Content of the General Appropriations Act.* - The General Appropriations Act shall be presented in the form of budgetary programs and projects for each agency of the government, with the corresponding appropriations for each program and project, including statutory provisions of specific agency or general applicability. The General Appropriations Act shall [not contain any] INCLUDE AN itemization of all personal services by plantilla position, which shall be prepared by the Secretary [after enactment of the General Appropriations Act, for consideration and approval of the President] AS PART OF THE PROPOSED BUDGET SUBMITTED TO CONGRESS BY THE PRESIDENT.”

SEC. 6. Section 24, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

“SEC. 24. *Prohibition against the Increase of Appropriation FOR THE OPERATION OF THE GOVERNMENT* - The Congress shall in no case increase the appropriation [of any project or program of any department, bureau, agency or office] of the Government over the total amount submitted by the President in his budget proposal. HOWEVER, IT MAY INCREASE APPROPRIATION FOR THE OPERATION OF A DEPARTMENT, AGENCY, OR OFFICE WITH THE CORRESPONDING ADJUSTMENT IN THE APPROPRIATIONS OF ANOTHER SO AS NOT TO EXCEED THE TOTAL APPROPRIATIONS SUBMITTED BY THE PRESIDENT IN HIS BUDGET PROPOSAL FOR THE OPERATION OF THE ENTIRE GOVERNMENT. [In case of any reduction in the proposed appropriation for a project or program, a corresponding reduction shall be made in the total appropriation of the department, office or agency concerned and in the total of the General Appropriations Bill.]”

SEC. 7. Section 25, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

“SEC. 25. *[Prohibition Against] Enactment of Additional Special Provisions.* - The Congress [shall not] MAY add special provisions in the budget earmarking the use of appropriations for specific programs or activities [nor shall it increase the amounts specified in special provisions beyond those proposed by the President] PROVIDED THIS DOES NOT

RESULT IN THE INCREASE OF THE APPROPRIATIONS RECOMMENDED BY THE PRESIDENT FOR THE OPERATION OF THE GOVERNMENT.”

SEC. 8. Section 26, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

“SEC. 26. *Automatic Appropriations.* - All expenditures for (1) personnel retirement premiums, government service insurance, and other similar fixed expenditures, (2) principal and interest on public debt, (3) national government guarantees of obligations which are drawn upon, are automatically appropriated: provided, that no obligations shall be incurred or payments made from funds thus automatically appropriated except as issued in the form of regular budgetary allotments, PROVIDED FURTHER THAT OBLIGATIONS OF GOVERNMENT CORPORATIONS INCURRED HEREON WILL NO LONGER BE AUTOMATICALLY GUARANTEED BY THE NATIONAL GOVERNMENT, UNLESS OTHERWISE EXPLICITLY AUTOMATICALLY GUARANTEED BY LAW.”

SEC. 9. Section 27, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

“SEC. 27. *[Supplemental Appropriations] SPECIAL APPROPRIATIONS.* - All appropriation proposals shall be included and considered in the budget preparation process. After the President shall have submitted the budget, [no supplemental appropriation measure supported from existing revenue measures shall be passed by the Congress.] SPECIAL APPROPRIATION MEASURES MAY BE PASSED BY CONGRESS PROVIDED THESE ARE SUPPORTED BY FUNDS TO BE RAISED BY A CORRESPONDING REVENUE PROPOSAL THEREIN OR BY FUNDS ACTUALLY AVAILABLE AS CERTIFIED BY THE NATIONAL TREASURER, WHICH MAY INCLUDE THE UNEXPENDED BALANCES OF APPROPRIATIONS AUTHORIZED FOR THE ONGOING FISCAL YEAR THAT ARE REVERTED TO THE UNAPPROPRIATED SURPLUS OF THE GENEML FUND. [However, supplemental or deficiency appropriations involving the creation of new offices, programs or activities may be enacted if accompanied and supported by new revenue sources.]”

SEC. 10. Section 28, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

“SEC. 28. *Reversion of Unexpended Balances of Appropriations, Continuing Appropriations.* - Unexpended balances of appropriations authorized in the General Appropriations Act shall revert to the unappropriated surplus of the General Fund at the end of the fiscal year and shall not thereafter be available for expenditure except by subsequent legislative enactment: Provided, that appropriations for capital outlays shall remain valid until fully spent or reverted: provided, further, that continuing appropriations for current operating expenditures may be specifically recommended and approved as such in support of projects whose effective implementation calls for multi-year expenditure commitments. [Provided, finally, that the President may authorize the use of savings realized by an agency during given year to meet non-recurring expenditures in a subsequent year.]

APPROPRIATIONS FOR CAPITAL OUTLAY SHALL IN NO CASE BE REALIGNED FOR PERSONAL SERVICES AND MAINTENANCE AND OTHER OPERATING EXPENDITURES. The balances of continuing appropriations shall be reviewed as part of the annual budget preparation process and the President may approve upon recommendation of the Secretary, the reversion of funds no longer needed in connection with the activities funded by said continuing appropriations."

SEC. 11. A new Section 29 is hereby introduced in Chapter 4, Book VI of EO 292 to read as follows:

"SEC. 29. RE-ENACTED APPROPRIATIONS. - IF, BY THE END OF ANY FISCAL YEAR, CONGRESS SHALL HAVE FAILED TO PASS THE GENERAL APPROPRIATIONS BILL FOR THE ENSUING FISCAL YEAR, THE GENERAL APPROPRIATIONS LAW FOR THE ENDING FISCAL YEAR SHALL BE DEEMED RE-ENACTED AND SHALL REMAIN IN FORCE AND EFFECT UNTIL THE GENERAL APPROPRIATIONS BILL IS PASSED BY CONGRESS. PROVIDED, THAT ONLY THE ANNUAL APPROPRIATIONS FOR SALARIES AND WAGES OF EXISTING POSITIONS, STATUTORY AND CONTRACTUAL OBLIGATIONS, UNEXPENDED ITEMS FOR UNFINISHED PROJECTS, PROGRAMS AND ACTIVITIES, LUMP SUMS, AND ESSENTIAL OPERATING EXPENSES SHALL BE DEEMED REENACTED AND DISBURSEMENT OF FUNDS SHALL BE IN ACCORDANCE THEREWITH. A RE-ENACTED BUDGET, THEREFORE IS NOT A LUMP-SUM AMOUNT OF THE ENTIRE BUDGET OF THE PREVIOUS YEAR WHOSE EXPENDITURE AND ALLOCATION IS THE PROVINCE OF THE EXECUTIVE.

PROVIDED FURTHER, THAT UNDER A SITUATION OF A REENACTED BUDGET, NO BILL AUTHORIZING SUPPLEMENTAL APPROPRIATIONS SHALL BE PASSED BEFORE THE ANNUAL APPROPRIATIONS BILL IS PASSED.

PROVIDED FINALLY, THAT THE PRESIDENT SHALL SUBMIT A REPORT TO CONGRESS OF EXPENDITURES INCURRED AND RECEIPTS EARNED DURING THE PERIOD IN WHICH A RE-ENACTED BUDGET WAS IN EFFECT. THIS REPORT SHALL BE SUBMITTED WITHIN THIRTY (30) DAYS AFTER PASSAGE OF THE GENERAL APPROPRIATIONS ACT FOR THE FISCAL YEAR."

SEC. 12. Sections 29, 30 and 31 of Chapter 4, Book VI of EO 292 are hereby renumbered as follows:

SEC. [29] 30. *Loan Proceeds.* - XXX

SEC.[30] 31. *Contingent Liabilities.* - XXX

SEC. [31] 32. *Liability for Unauthorized Printing Press Revisions.* - XXX

SEC. 13. Section 32, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

"SEC. [32] 33. *Use of Appropriated Funds.* - All moneys appropriated for functions, activities, projects and programs shall be available solely for the specific purposes for which these are appropriated UNLESS THESE ARE

SAVINGS IN APPROPRIATIONS USED TO COVER DEFICITS OR UNEXPENDED BALANCES OF APPROPRIATIONS REVERTED TO THE UNAPPROPRIATED SURPLUS OF THE GENERAL FUND AND LEGISLATED TO BE USED FOR OTHER PURPOSES."

SEC. 14. Section 33, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

"SEC. [33] 34. *Allotment of Appropriations.* - Authorized appropriations shall be allotted in accordance with the procedure outlined hereunder:

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(6) PURSUANT TO SECTION 39 OF THIS BOOK, the Secretary shall have NO authority to modify or amend any allotment previously issued. In case he shall find at any time that the probable receipts from taxes or other sources of any fund will be less than anticipated and that as a consequence the amount available for the remainder of the term of the appropriations or for any allotment period will be less than the amount [estimated or allotted thereof] APPROPRIATED OR ALLOTTED, he shall [with the approval of the President and after notice to the department or agency concerned, reduce the amount or amounts allotted so as] RECOMMEND TO THE PRESIDENT THE REDUCTION OF THE AMOUNT OR AMOUNTS ALLOTTED THAT HE DEEMS NECESSARY to conform to the targeted budgetary goals. THE PRESIDENT, IN TURN, SHALL SEEK THE AUTHORIZATION OF CONGRESS TO SUSPEND THE EXPENDITURE OF APPROPRIATIONS."

(7) The Secretary shall maintain a control record showing quarterly by funds, accounts, and other suitable classifications, the amounts appropriated; THE ALLOTMENTS RELEASED AND AVAILABLE FOR EXPENDITURE, the AMOUNT OF SAVINGS IN APPROPRIATIONS GENERATED AND THE AMOUNT USED TO COVER DEFICITS AND THE AMOUNT REVERTED O TO THE GENERAL FUND, the estimated [revenues] AND the actual revenues or receipts, [the amounts allotted and available for expenditures] the unliquidated obligations, actual balances on hand, and the unencumbered balance of the allotments for each department or agency of the Government.

THE SECRETARY SHALL SUBMIT THESE RECORDS TO THE HOUSE COMMITTEE ON APPROPRIATIONS AND THE SENATE COMMITTEE. THE ON FINANCE QUARTERLY, AND SHALL MAKE THESE RECORDS AVAILABLE TO THE PUBLIC EXCEPT AS MAY BE OTHERWISE APPROVED BY THE PRESIDENT FOR FUNDS AND ACCOUNTS CONCERNED WITH NATIONAL SECURITY MATTERS."

SEC. 15. Section 35, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

"SEC. [35] 36. *Special Budgets for Lump-Sum Appropriations.* - Expenditures from lump-sum appropriations authorized for any purpose or for any department, office or agency in any annual General Appropriations Act or other Act and from any fund of the National Government, shall be made in accordance with a special budget to be approved by the President, which shall include but shall not be limited to the number of each kind of position, the designations, and the annual salary proposed for

which an appropriation is intended. This provision shall be applicable to all revolving funds, receipts which are automatically made available for expenditure for certain specific purposes, aids and donations for carrying out certain activities, or deposits made to cover the cost of special services to be rendered to private parties. Unless otherwise expressly provided by law, when any Board, head of department, chief of bureau or office, or any other official, is authorized to appropriate, allot, distribute or spend any lump-sum appropriation or special, bond, trust, and other funds, such authority shall be subject to the provisions of this section.

In case of any lump-sum appropriation for salaries and wages of temporary and emergency laborers and employees, including contractual personnel, provided in any General Appropriation Act or other Acts, the expenditure of such appropriation shall be limited to the employment of persons paid by the month, by the day, or by the hour.

THE BUDGET AND THE GENERAL APPROPRIATIONS ACT MAY ALSO PROVIDE LUMPS SUMS IN ORDER TO SUPPORT BILLS FOR LATER ACTION BY THE CONGRESS: PROVIDED, THAT THE TREASURY CERTIFICATION REQUIREMENT SHALL BE DEEMED COMPLIED WITH IN CASE OF BILLS WHICH ARE FUNDED FROM LUMP SUMS IN THE GENERAL APPROPRIATIONS ACT APPROVED BY THE CONGRESS FOR PURPOSES OF SUPPORTING PROGRAMS, PROJECTS, OR ACTIVITIES WHICH REQUIRE SPECIFIC LEGISLATIVE AUTHORIZATION AND IN THE CASE OF BILLS WHOSE EXPENDITURES ESTIMATES ARE INCLUDED IN THE BUDGET SUBMISSION OF THE PRESIDENT PURSUANT TO SECTION 12 OF THIS BOOK.

WITHIN THIRTY (30) DAYS AFTER THE PASSAGE OF THE GENERAL APPROPRIATIONS ACT FOR THE FISCAL YEAR, THE SECRETARY OF BUDGET AND MANAGEMENT SHALL PROVIDE THE CONGRESS WITH THE IMPLEMENTING RULES FOR THE DISBURSEMENT OF ALL LUMP-SUM APPROPRIATIONS AS WELL AS A LIST OF ALL EXPENDITURES TO BE UNDERTAKEN USING THESE LUMP-SUM APPROPRIATIONS, PROVIDED, THAT THE CONGRESS, BY WAY OF A JOINT RESOLUTION, MAY SUSPEND FROM EXPENDITURE ANY OR ALL LUMP-SUM APPROPRIATIONS.

UNEXPENDED AMOUNTS OF LUMP SUM APPROPRIATIONS UNDER THIS SECTION SHALL UNDER NO CIRCUMSTANCES BE CONSIDERED AND USED AS SAVINGS BUT SHALL AUTOMATICALLY REVERT BACK TO THE UNAPPROPRIATED SURPLUS OF THE GENERAL FUND AT THE END OF THE FISCAL YEAR PURSUANT TO SECTION 28 OF THIS BOOK. ANY ACT TO THE CONTRARY SHALL BE CONSIDERED MISUSE OF GOVERNMENT FUNDS AND ILLEGAL EXPENDITURES AS PROVIDED IN SECTIONS 80 AND 44 OF THIS BOOK."

SEC. 16. Section 37, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

"SEC. [37] 38. *Creation of Appropriation Reserves.* - [The Secretary may] THE PRESIDENT, SUBJECT TO THE REVIEW AND APPROVAL OF CONGRESS, MAY BE AUTHORIZED TO establish reserves against appropriations, EXCEPT FOR PERSONAL SERVICES

APPROPRIATIONS USED FOR PERMANENT OFFICIALS AND EMPLOYEES, to provide for contingencies and emergencies which may arise later in the calendar year [and which would otherwise require deficiency appropriations]. CONGRESS SHALL TRANSMIT ITS APPROVAL OR DENIAL TO THE PRESIDENT THIRTY (30) DAYS AFTER ITS RECEIPT OF THE PRESIDENT'S REQUEST FOR AUTHORITY.

INACTION ON THE PART OF CONGRESS WITHIN SAID THIRTY (30) DAY PERIOD SHALL MEAN AN APPROVAL OF THE REQUEST FOR AUTHORITY TO DEFER EXPENDITURE OF APPROPRIATIONS AND THE CREATION OF RESERVES. RESERVATION OF APPROPRIATIONS MUST NOT EXTEND BEYOND THE END OF THE FISCAL YEAR.

[The establishment of appropriation reserves shall not necessarily mean that such portion of the appropriation will not be made available for expenditure. Should conditions change during the fiscal year justifying the use of the reserve, necessary adjustments may be made by the Secretary when requested by the department, official or agency concerned.]”

SEC. 17. Section 38, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

“SEC. [38] 39. *Suspension of Expenditure of Appropriations.* – THE IMPLEMENTATION OF THE GENERAL APPROPRIATIONS ACT IS MANDATORY, AND FAILURE TO RELEASE ALLOTMENTS FOR APPROPRIATED ITEMS AS PROVIDED FOR IN SAID ACT SHALL CONSTITUTE MISUSE OF GOVERNMENT FUNDS AND ILLEGAL EXPENDITURES AS PROVIDED IN SECTIONS 80 AND 44 OF THIS BOOK.

FUND RELEASES FOR APPROPRIATIONS AUTHORIZED IN THE GENERAL APPROPRIATIONS ACT SHALL BE TRANSMITTED IN ACCORDANCE WITH THE QUARTERLY ALLOTMENT PERIOD OR ANY OTHER PERIOD PRESCRIBED BY THE SECRETARY OF BUDGET AND MANAGEMENT. THE COMMISSION ON AUDIT SHALL ENSURE COMPLIANCE WITH THIS PROVISION TO THE EXTENT THAT SUBALLOTMENTS BY DEPARTMENTS AND/OR CENTRAL AGENCIES TO THEIR SUBORDINATE OFFICES ARE IN CONFORMITY WITH ALLOCATIONS IN BUDGETARY ADVICE OF ALLOTMENTS OR TREASURY WARRANTS ISSUED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT.

HOWEVER, except as otherwise provided in the General Appropriations Act [and whenever in his judgment the public interest so requires], the President [upon notice to the head of office concerned, is authorized], SUBJECT TO THE REVIEW AND APPROVAL OF CONGRESS, MAY BE AUTHORIZED to suspend or otherwise stop further expenditure of funds allotted for any agency, or any other expenditure authorized in the General Appropriations Act, except for personal services appropriations used for permanent officials and employees. CONGRESS SHALL TRANSMIT ITS APPROVAL OR DENIAL TO THE PRESIDENT THIRTY (30) DAYS AFTER ITS RECEIPT OF THE PRESIDENT'S REQUEST FOR AUTHORITY. INACTION ON THE PART OF CONGRESS WITHIN SAID THIRTY (30) DAY PERIOD SHALL MEAN A DENIAL OF THE REQUEST FOR AUTHORITY TO

SUSPEND EXPENDITURE OF APPROPRIATIONS. ALL FUNDS CORRESPONDING TO THE RESCINDED APPROPRIATIONS SHALL REVERT TO THE UNAPPROPRIATED SURPLUS OF THE GENERAL FUND AND SHALL NOT BE MADE AVAILABLE FOR EXPENDITURE FOR ANY PURPOSE EXCEPT AS MAY BE PROVIDED FOR IN SUBSEQUENT SPECIAL APPROPRIATION LAWS ENACTED BY CONGRESS.

ANY PROVISION OF LAW TO THE CONTRARY NOTWITHSTANDING, THE APPROPRIATIONS AUTHORIZED FOR THE JUDICIARY, CONGRESS, THE COMMISSION ON HUMAN RIGHTS, THE OFFICE OF THE OMBUDSMAN, THE CIVIL SERVICE COMMISSION, THE COMMISSION ON AUDIT AND THE COMMISSION ON ELECTIONS IN THE ANNUAL APPROPRIATIONS ACT SHALL BE AUTOMATICALLY AND REGULARLY RELEASED IN ACCORDANCE WITH THEIR RESPECTIVE WORK AND FINANCIAL PLANS.”

SEC. 18. Section 39, Chapter 4, Book VI of EO 292, is hereby amended to read as follows:

“SEC. [39] 40. *Authority to Use Savings in Appropriations to Cover Deficits.* - Except as otherwise provided in the General Appropriations Act, any savings in the regular appropriations authorized in the General Appropriations Act for programs and projects of any department, office or agency [may] SHALL BE REVERTED TO THE UNAPPROPRIATED SURPLUS OF THE GENERAL FUND OR, with the approval of the President, MAY be used to cover a deficit in any other item of the regular appropriations: provided, that the creation of new positions or increase of salaries shall not be allowed to be funded from budgetary savings except when specifically authorized by law: provided, further, that whenever authorized positions are transferred from one program or project to another within the same department, office or agency, the corresponding amounts appropriated for personal services are also deemed transferred, without, however increasing the total outlay for personal services of the department, office or agency concerned.

UNDER NO CIRCUMSTANCES SHALL SAVINGS BE USED FOR PROGRAMS, PROJECTS AND ACTIVITIES, OR ANY OTHER PURPOSE NOT APPROPRIATED FOR IN THE GENERAL APPROPRIATIONS ACT PURSUANT TO ARTICLE VI, SECTION 29 (1) OF THE 1987 CONSTITUTION. ANY ACT TO THE CONTRARY SHALL CONSTITUTE MISUSE OF GOVERNMENT FUNDS AND ILLEGAL EXPENDITURES AS PROVIDED IN SECTIONS 80 AND 44 OF THIS BOOK. IN ADDITION, ANY USE OF SAVINGS ON EXPENDITURES SUBJECT TO LIMITATIONS PROVIDED IN THE GENERAL APPROPRIATIONS ACT SHALL BE REVIEWED AND MAY BE DISALLOWED BY CONGRESS FOR BEING MADE IN VIOLATION OF SAID LIMITATIONS.”

SEC. 19. Section 49 of Chapter 5, Book VI of EO 292 is hereby deleted.

SEC. 20. Sections 34, 36, 40, 41, 42, 43, 44, 45, 46, 47, and 48 of Chapter , 5 Book VI of EO 292 are hereby renumbered as follows:

SEC. [34] 35. *Program of Expenditure.* - XXX

SEC. [36] 37. *Cash Budgets.* - XXX

SEC. [40] 41. *Certification of Availability of Funds.* - XXX

SEC. [41] 42. *Prohibition Against the Incurrence of Overdraft.* - XXX

SEC. [42] 43. *Adjustment of Appropriations for Reorganization.* - XXX

SEC. [43] 44. *Liability for Illegal Expenditures.* - XXX

SEC. [44] 45. *Accrual of Income to Unappropriated Surplus of the General Fund.* - XXX

SEC. [45] 46. *Special, Fiduciary and Trust Funds.* - XXX

SEC. [46] 47. *Service Fees and Honoraria.* - XXX

SEC. [47] 48. *Administration of Lump Sum Funds.* -XXX

SEC. [48] 49. *Cost Reduction.* - XXX

SEC. 21. *Separability Clause.* - If any part, section or provision of this Act is held invalid or unconstitutional, other provisions not affected thereby shall remain in full force and effect.

SEC. 22. *Repealing Clause.* - Presidential Decree No. 1177 is hereby expressly repealed. The pertinent provisions of Book VI of Executive Order No. 292 or the Revised Administrative Code of 1987 are hereby repealed or amended accordingly. All laws, decrees, orders, rules and regulations or other issuances inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 23. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,