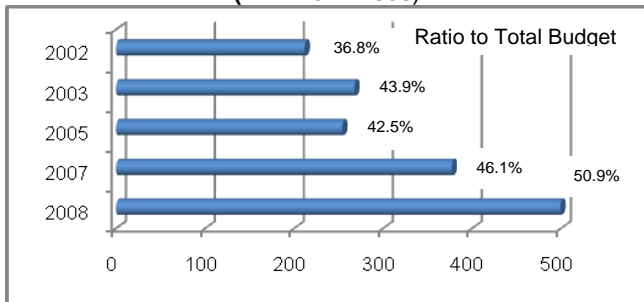


SPECIAL PURPOSE FUNDS

Special Purpose Funds (SPFs) are lump-sum appropriations that are governed by special provisions and/or requirements (e.g. Allocation to LGUs, Calamity Fund, Contingency Fund, Pension and Gratuity Fund, Priority Development Assistance Fund, etc). Releases out of these funds are generally subject to prior approval by the President. There are also SPFs that are intended to augment budget allocations of selected line agencies, such as those of the Departments of Agriculture (DA), Public Works and Highways (DPWH), and Transportation and Communication (DOTC).

Figure 1 shows the ratio of SPF to total budget (*new appropriations*) of the National Government for the period 2002-2008. From only 36.8% in 2002, SPF now (2008) accounts for more than half (50.9%) of the total new appropriations. The President's Budget Proposal for 2008 lists down 14 SPFs, including Unprogrammed Funds.

FIGURE 1
SPECIAL PURPOSE FUND
(IN BILLION PESOS)



Notes:

1. For comparison, Internal Revenue Allotment (IRA) was added back to SPF; IRA was classified as Automatic Appropriation in the 2007 and 2008 budgets.
2. The government operated under a re-enacted budget in CY 2004 & 2006, hence, excluded from the series.

Sources of basic data: GAA, NEP

Motor Vehicle User's Charge. Established by RA 8794, the MVUC is imposed on owners of different types of vehicles (e.g. cars, jeep, buses, etc.) upon registration with the Land Transportation Office. Collections are placed in a Special Trust Account in the National Treasury. In 2003, the MVUC Fund formed part of SPF, albeit partially at P182 million. The bulk is reported every year as earmarked revenues for the account of the Departments of Public Works and Highways, and Transportation and Communication.

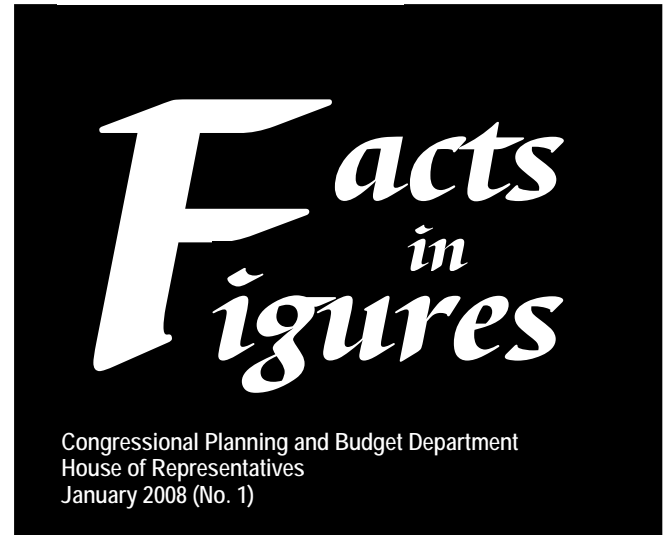


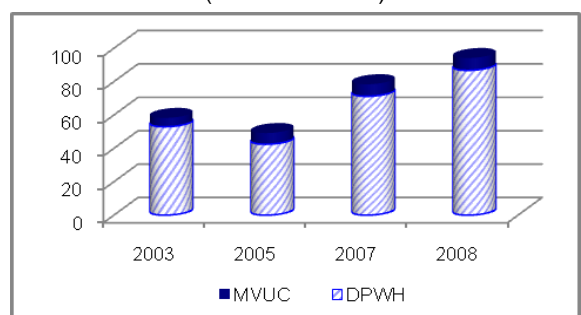
TABLE 1
MVUC EARMARKED REVENUES
(IN BILLION PESOS)

FY	DPWH (92.5%)	DOTC (7.5%)	Total (100%)
2003	5.3	0.4	5.8
2004	6.6	0.5	7.2
2005	6.7	0.5	7.2
2006	7.0	0.6	7.5
2007	7.2	0.6	7.8
2008	7.4	0.6	8.0

Source: BESF (2003-2008)

DPWH's share may be broken down into Special Road Support Fund (80%), Special Local Road Fund (5%), Special Road Safety Fund (7.5%). DOTC's share goes to Special Vehicle Pollution Control Fund. Note that MVUC is over and above the annual allocation of DPWH and DOTC. Figure 2 shows the DPWH budget from 2002-2008 as augmented by Motor Vehicle Users Charge.

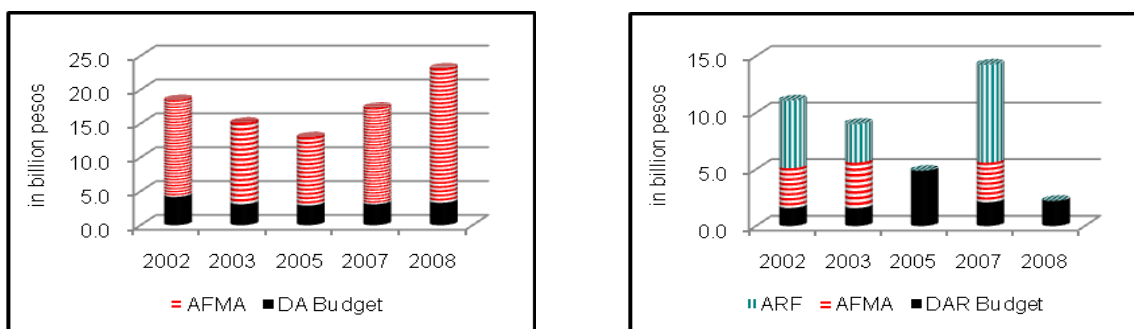
FIGURE 2
TOTAL DPWH BUDGET
(IN BILLION PESOS)



Sources of basic data: GAA, NEP, BESF

Agriculture and Fisheries Modernization Act and Agrarian Reform Fund. The Departments of Agriculture and Agrarian Reform also receive budget augmentation from special purpose funds under the Agriculture and Fisheries Modernization Act (AFMA) and the Agrarian Reform Fund (ARF). Figure 3 consolidates the DA and DAR regular budgets and their respective shares from AFMA and ARF.

**FIGURE 3
DA & DAR REGULAR BUDGET
AND THEIR RESPECTIVE SHARES FROM AFMA & ARF**



Sources of basic data: GAA, NEP, preceding year's budget was deemed re-enacted in FY 2004 and 2006

School Building Program (SBP). RA 7880 created a separate appropriation for the construction, rehabilitation, and repair of school buildings. As a condition, the SBP shall be directly released to and administered by the DPWH. The work program, however, shall be determined by the Education Department (DepEd).

**TABLE 2
DEPARTMENT OF EDUCATION BUDGET
(IN BILLION PESOS)**

FY	DepEd	Schl. Bldg. Fund	Total
2002	95.3	2.0	97.3
2003	96.3	2.0	98.3
2005	102.6	1.0	103.6
2007	126.9	1.8	128.6
2008	135.0	2.0	137.0

Sources: GAA, NEP

To implement the SBP, the following allocation formula is prescribed: (a) 50% shall be allocated pro-rata according to each legislative district's student population in relation to the country's total student population, (b) 40% to be allocated among legislative districts with classroom shortages, pro-rata to the country's total classroom shortage, and (c) 10% to be allocated in accordance with the policy consideration as determined by DepEd. Table 2 shows the DepEd annual budget as complemented by the SBP.

Unprogrammed Funds refer to standby appropriations—i.e., specific source of financing is not yet identified at the time the General Appropriations Act is approved. This budgetary item shall be implemented only when: (a) revenue collections exceed target or (b) when additional foreign project loan proceeds are realized. The first condition is deficit-neutral, that is, cash disbursement is kept within the level of actual revenue collections while the second condition gives an option to bloat the budget whenever proceeds from foreign loans are received. Table 3 shows the ratio of unprogrammed fund to total new appropriations over the years. From 3.7% in 2002, Unprogrammed Funds now (2008) account for 11.7% of the total new appropriations.

**TABLE 3
RATIO OF UNPROGRAMMED FUND
TO NEW APPROPRIATIONS**

FY	RA No.	Unprogrammed Fund	Total New Appro.	%
		(In Billion Pesos)		
2002	9162	21.11	575.12	3.7
2003	9206	54.28	609.61	8.9
2005	9336	34.85	597.66	5.8
2007	9401	61.13	818.98	7.5
2008	NEP	114.49	981.46	11.7

Sources: GAA, NEP