

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session



COMMITTEE REPORT NO. 1230

Submitted by the Committee on Appropriations on September 20, 2021

Re: House Bill No. 10153

Recommending its approval without amendment.

Sponsors: Yap (E.), Velasco, Romualdez (M.), Ermita-Buhain, Salceda, Cua, Cojuangco, Tejada, Violago, Vargas (A.), Gasataya, Sy-Alvarado, Jalosjos, Jr., Suansing, Jr. (H.), Matugas II, Garcia III, Gonzaga, Biazon, Nuñez-Malanyaon, Haresco, Jr., Cuaresma, Uy (J.), Reyes, Daza, Limkaichong, Zubiri, Sagarbarria, Bautista-Bandigan, Calderon, Duavit, Dalipe, Campos, Jr., Suarez (D.), Go (E.), Gonzalez, Fariñas I (R.C.), Momo, Sr., Frasco, Zamora (M.)


Mr. Speaker,

The Committee on Appropriations has the honor to submit to the House of Representatives, for its immediate consideration and approval, the attached House Bill No. 10153, titled:

“AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND AND TWENTY-TWO”

Without amendment.

Respectfully submitted,


REP. ERIC GO YAP
Chairperson
Committee on Appropriations

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

House of Representatives
Committee Affairs Department

FACT SHEET

**House Bill No. 10153
(FY 2022 General Appropriations Bill)**

AN ACT

**APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF
THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER
THIRTY-ONE, TWO THOUSAND AND TWENTY-TWO**

Introduced by Yap (E.), Velasco, Romualdez (M.), Ermita-Buhain, Salceda, Cua, Cojuangco, Tejada, Violago, Vargas (A.), Gasataya, Sy-Alvarado, Jalosjos, Jr., Suansing, Jr. (H.), Matugas II, Garcia III, Gonzaga, Biazon, Nuñez-Malanyaon, Haresco, Jr., Cuaresma, Uy (J.), Reyes, Daza, Limkaichong, Zubiri, Sagarbarria, Bautista-Bandigan, Calderon, Duavit, Dalipe, Campos, Jr., Suarez (D.), Go (E.), Gonzalez, Fariñas I (R.C.), Momo, Sr., Frasco, Zamora (M.), Vargas-Alfonso, Tan (A.S.), Ty (D.), Revilla, Tambunting, Dy V (F.), Bravo, Jr., Silverio, Cabredo, Caminero, Plaza, Bascug, Ong, Jr. (J.), Uy (R.), Yu, Abunda, Dimaporo (M.K.), Salimbangon, Labadlabad, Hofer, Pacquiao (R.), Sacdalan, Villarica, Roman, Fariñas (R.Ch.), Nava, Espina, Jr., Malapitan, Vergara, Dujali, Espino, Cardema, Tiangco, Torres-Gomez, Cari, Acosta, Jr., Benitez, Natividad-Nagaño, Ouano-Dizon, Tallado, Fortuno, Dalog, Jr., Villar, Barba, Celeste, Guico III, Bernos, Mariño, Khonghun, Gullas, Gorriceta, Biron, Tutor, Arbison, Javier, Caoagdan, Lagon, Ong (R.), Delos Santos, Sanchez, Angara (R.), Tan (A.), Villa, Villanueva (N.), Agabas, Chungalao, Maceda, Deloso-Montalla, Bulut, Jr., Dy (I.P.), Lopez, Fuentesbella, Jimenez, Jr., Abueg-Zaldivar, Dimaporo (A.), Ortega, Dy III (F.M.C.), Amante-Matba, Albano, Balindong, Baronda

Committee Referral: **APPROPRIATIONS**

Chairperson: **REP. ERIC GO YAP**

OBJECTIVES

- To authorize the appropriation of funds for the operation of the national government (NG), the local government units (LGUs), and government-owned and controlled corporations (GOCCs) for Fiscal Year (FY) 2022.
- To approve the national budget for FY 2022 amounting to P5.024 Trillion towards the implementation of programs and projects that will advance

infrastructure development under the “Build Build Build” program and human capital development focused on education and health.

- To fund the key programs and measures to fortify the four main fronts of the pandemic battle strategy: health and nutrition, social protection, governance, and development.

KEY PROVISIONS

- Provides funding for the key programs and measures aimed at fortifying the four main fronts of the pandemic battle strategy: health and nutrition, social protection, governance, and development.
- Provides funds for COVID-19 response measures including infrastructure investments.
- Provides funds to enhance the capacity of the country’s health system for knowledge and technology generation, acquisition, adoption through the establishment of the Virology Science and Technology Institute of the Philippines.
- Implements the decision of the Supreme Court on the Mandanas-Garcia case, that consequently raised the share of the Local Government Units (LGUs) from the national taxes.
- Authorizes that all appropriations in the General Appropriations Act, including budgetary support to GOCCs shall be available for release and disbursement until December 31, 2022, while the amount appropriated as financial assistance to LGUs released during the fiscal year shall be available for disbursement until December 31, 2023.
- Provides that the validity of appropriations and obligations for infrastructure capital outlays (CO), including those subsidy releases to GOCCs for infrastructure projects is until December 31, 2022, while the completion of construction, inspection, and payment shall be made not later than June 30, 2023.
- Provides that the validity of the obligation of the allocation for maintenance and other operating expenses (MOOE) and other capital outlays item is until December 31, 2022, while the delivery, inspection and payment shall be made not later than March 31, 2023.
- Adopts the following features and assumptions in the formulation of the National Budget:

- a. A gross domestic product (GDP) growth rate of 7.0 – 9.0 percent in 2022. Inflation rate of 2.0 – 4.0; 364-day T-bill rates of 2.0-3.5; and foreign exchange rate of 48.0 – 53.0 peso to one US dollar;
 - b. A fiscal program with the following major features, among others:
 - 1) Total revenues of P3,289.5 Billion in FY 2022, which translates to 14.9 percent of GDP and is higher by 14.2 percent from the FY 2021 revenue program of P2,881.5 Billion;
 - 2) Consolidated public sector deficit of P1,389.285 Billion or 6.3 percent of GDP;
 - 3) National government budget deficit of P1,665.089 Billion or 7.5 percent of GDP;
 - 4) Outstanding national government debt of P13.418 Trillion or a debt-to-GDP ratio of 60.77 percent by end-2022.
 - c. A budget of P5.024 Trillion, which corresponds to 22.8 percent of GDP, is 11.5 percent higher or P518 Billion more than the FY 2021 budget of P4.506 Trillion.
 - d. Programmed New Appropriations of P3,350.7 Billion, P1,672.9 Billion in Automatic Appropriations, and P151.6 Billion of unprogrammed new appropriations as standby fund should revenue exceed targets or new loans secured to support the proposed budget.
- Provides the following Sectoral allocation of the budget:
 - a) The social services sector will receive the largest share with P1,921.8 Billion or 38.3 percent of the total 2022 budget, investing on human infrastructure through education, culture and manpower development, by implementing key programs and projects aimed at protecting the vulnerable and providing expanded educational opportunities.
 - b) The economic services sector will receive the second largest share at 29.3 percent with P1,473.5 Billion allocation.
 - c) The general public services sector will receive the third largest allocation with P862.7 Billion or 17.2 percent, followed by the Defense sector with P224.4 Billion or 4.5 percent of the total budget.
 - d) Debt Burden (interest payments and net lending to be disbursed to creditors) is allotted P541.2 Billion or 10.8 percent of the total budget.

- Distributes the budget by expense class:
 - a) Personnel Services account for 29 percent of the total FY 2022 budget, amounting to P1.456 Trillion to cover, among others, the expanded hiring of health workers under the DOH Human Resource for Health Program, teaching and non-teaching personnel under the Department of Education, the implementation of the third tranche of the Salary Standardization Law of 2019, and increase in pension requirements of military and uniformed personnel (MUP). The increase in pension includes arrearages from the suspension of the pension indexation for MUP in 2018.
 - b) Maintenance and Other Operating Expenses or MOOE, continues to account for the largest share of the budget with P2.073 Trillion or 41 percent. These include budgetary transfers to Local Government Units (LGUs) totaling P1.116 Trillion with P959.041 Billion from National Tax Allotment (NTA) consistent with the Supreme Court Ruling on the Mandanas-Garcia case, P74.752 Billion for Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) and Block grant, among others. The balance will support the operations of government agencies, the highlights of which are the DA's Rice Programs, the DOH's health banner programs, and the COMELEC's preparatory activities for the conduct of the FY 2022 National and Local/SK Elections.
 - c) On the other hand, Capital Outlays and Net Lending will receive an allocation of P981.1 Billion or 19.5 percent of the proposed budget, the bulk of which is allocated to the Department of Public Works and Highways and to the Department of Transportation being the chief infrastructure agencies of the government. This allocation is consistent with the government's resolve to put the economy on track through the Build, Build, Build Program and building a transport infrastructure program towards a more efficient, inclusive and resilient transport system. The proposed capital outlays allocation also includes programs/projects under the DOH Health Facilities Enhancement Program for the purchase of medical equipment and ambulances. The Build, Build, Build program shall remain a vital component of the recovery effort of the government with its consequent employment multiplier effect.
 - d) Meanwhile financial expenses provided primarily for the payment of interest on loans amounts to P513.8 Billion or 10.23 percent of the total budget.

- Identifies the distribution of the budget by recipient entity:
 - a) The largest share of the FY 2022 budget amounting to P3,187.9 Billion or 63.5 percent is allocated for the programs, activities and projects being implemented by national government agencies inclusive of transfers from special purpose funds and tax expenditures.
 - b) Local Government Units (LGUs) will receive an allocation of P1,116.4 Billion or 22.2 percent of the total budget. The allocation is 32.2 percent higher over the 2021 level of P844.6 Billion mainly due to the increase of the LGU shares from the National Tax Allotment in pursuance of the Mandanas-Garcia Supreme Court ruling.
 - c) Government Owned and/or Controlled Corporations (GOCCs) are allocated the amount of P178.0 Billion or 3.5 percent as budgetary support in terms of subsidy and equity investments to the capitalization of concerned GOCCs.
 - d) Payments to creditors, in terms of interest payments and net advances to service the debts incurred by GOCCs are allocated P541.3 Billion or 10.8 percent.

- Provides the highest allocation to education and to the following departments as follows:
 - a) Education - Department of Education (DepEd), State Universities and Colleges (SUCs), Commission on Higher Education (CHED) and the Technical Education and Skills Development Authority (TESDA) is allocated a total budget of P773.6 Billion in FY 2022. Considering the modification in the learning and employment landscape brought about by the COVID-19 pandemic, the DepEd's budget of P630.8 Billion will be used to cover basic education, development, reproduction and delivery of learning resources for basic education-learning continuity plan, computerization program. Likewise, the tertiary education will be allotted a total budget of P142.7 Billion broken down into P75.4 Billion for State Universities and Colleges (SUCs), P52.6 Billion for Commission on Higher Education (CHED) and P14.8 Billion for Technical Education and Skills Development Authority (TESDA). This shall subsidize the implementation of the Universal Access to Quality Tertiary Education (UAQTE) and other education assistance and subsidies, such as Student Financial Assistance Programs (StuFAPs) and Private Education Student Financial Assistance (PESFA).
 - b) Department of Public Works and Highways (DPWH) with an allocation of P686.1 Billion. The amount is P9.6 Billion lower or 1.4 percent less than the FY 2021 level P695.7 Billion due to the devolution of some programs/projects to the local government units with the implementation of the Mandanas ruling beginning FY 2022.

The budget for DPWH amounting to P686.1 Billion includes P71.657 Billion for the construction of by-passes and diversion roads, P34.074 Billion for the construction of missing road links and new roads and P131.113 Billion for flood management program. The convergence and support program of DPWH with other agencies is allocated P9.146 Billion for the construction/improvement of access roads leading to trade, industries and economic zones, and P16.803 Billion for construction or improvement of access roads leading to declared tourism destinations.

- c) Ranked 3rd is the Department of the Interior and Local Government (DILG) with an allocation of P250.4 Billion. This is primarily to maintain public safety, efficient delivery of public goods and services at the local level and strengthening peace and order efforts.
- d) Ranked 4th is the Department of Health with an allocation of P242 Billion which includes the budget of the Philippine Health Insurance Corporation of P79.9 Billion is an assurance of the government's commitment to make health services available to the people specially the poor. Some P19.5 Billion of the budget will be allocated for Health Facilities Enhancement Program (HFEP) for the construction, rehabilitation and upgrading of health facilities and purchase of medical equipment and procurement of ambulances. P5.1 Billion is allocated for the procurement of laboratory supplies including GeneXpert cartridges for GeneXpert machines used in COVID-19 testing and P3.8 Billion for the continuous emergency hiring of human resources for health workers for COVID-19 response on top of the P17 Billion allocation for regular HRH Program of DOH. Medical Assistance to Indigent Patients is allocated P17 Billion.
- e) The Department of National Defense (DND) ranked 5th with P222 Billion allocation. This budget is allocated to strengthen and support the operational requirements of military units, the provision of the procurement of military hardware for its modernization program and training support for its various personnel.
- f) Ranked 6th is the Department of Social Welfare and Development (DSWD) with an allocation of P191.4 Billion for the continues implementation of the: (i) Pantawid Pamilyang Pilipino Program (4Ps) - P115.7 Billion; (ii) Social Pension for Indigent Senior Citizens (SocPen) – P23.5 Billion; (iii) Protective Services for Individuals and Families in Difficult Circumstances – P18.0 Billion; (iv) Sustainable Livelihood Program (SLP) – P4.9 Billion; (v) Supplementary Feeding Program (SFP) – P4.2 Billion; and (vi) Balik Probinsya, Bagong Pag-asa Program (BP2) – P2.7 Billion.
- g) Ranked 7th is the Department of Transportation (DOTr) with an allocation of P151.3 Billion. The allocation include the P110.9 Billion for the on-going implementation of the rail projects such as the flagship North-South Commuter Railway Project; P1.7 Billion for Aviation Infrastructure Program; and P13.9 Billion to be used for the Infrastructure Preparation and Innovation Facility (IPIF) and the payment of right-of-way.

- h) Ranked 8th is the Department of Agriculture (DA) with an allocation of P72 Billion budget for FY 2022, with the aim of sustaining the agricultural sector performance, ensuring food security. An amount of P10.0 Billion is also provided for the Rice Competitiveness Enhancement Fund (RCEF) in accordance with R.A. No. 11203. The RCEF fund will be utilized to provide farmers tools and equipment, assistance in the production, promotion, and distribution of certified rice seeds, upgrading of post-harvest storage facilities, credit assistance, irrigation support, as well as knowledge and technology transfer. The farm-to-market roads (FMRs) will receive an allocation of P4.9 Billion to connect and improve roads to farming communities thus increasing local trade and productivity, reduce transportation costs of farm input and output, and minimize post-harvest losses.
 - i) Ranked 9th is the Judiciary with an allocation of P45 Billion.
 - j) Ranked 10th is the Department of Labor and Employment (DOLE) with P44.9 Billion. The proposed allocation includes P22.3 Billion to support the Livelihood and Emergency Employment Program of the DOLE, of which the Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) Program and Government Internship Program (GIP) will receive P21.0 Billion while DOLE Integrated Livelihood Program (DILP) will be provided with P809.5 Million. The Adjustment Measures Program (AMP) will be given P491.6 Million. These programs shall continue to assist and support displaced workers affected by the COVID-19 pandemic. Moreover, Emergency Repatriation Program is allocated P11.2 Billion.
- Provides financing of the National Budget from the following sources:
 - a) The National Government expects revenue collections in FY 2022 to reach P3.290 Trillion, or 14.9 percent of GDP. This is 14.2 percent higher than the 2021 programmed revenue of P2.882 Trillion which is equivalent to 14.5 percent of GDP. The P3.290 Trillion revenue will fund about 66 percent of the P4.955 Trillion programmed disbursements for 2022, obliging the national government to partly finance through borrowings about 34 percent of expenditures.
 - b) Of the P3.290 Trillion revenue for FY 2022, P3.125 Trillion, or 95 percent will be in the form of taxes while P164 Billion or 5 percent will be sourced from non-tax revenues and sale of government assets. The Bureau of Internal Revenue (BIR) will generate the bulk of this amount with P2.435 Trillion, while the rest will be contributed by the Bureau of Customs (BOC) with P672 Billion, and other offices with P183 Billion.
 - c) On the other hand, the government intends to borrow in FY 2022 the amount of about P2.473 Trillion, of which P560.577 Billion will be

sourced from foreign creditors and P1.912 Trillion will be sourced domestically. Of the total borrowings, P1.665 Trillion will be used to finance the deficit and settle P141.2 Billion in maturing debt obligations. The balance will be allocated for the contributions to the bond sinking fund, and to maintain a sufficient cash cushion in the National Treasury.

RELATED LAWS:

- 1987 Constitution related to the appropriations of funds
- Executive Order No. 292, series of 1987
- Various Laws related to the appropriation of funds