

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **340**



Introduced by AKBAYAN Representative Tomasito S. Villarin

EXPLANATORY NOTE

Private sector workers are protected against the hazards of disability, sickness, maternity, old-age, death, and other contingencies resulting in loss of income or financial burden through the government managed Social Security System.

However, not all workers are covered under the SSS even as universal coverage of the employed and the self-employed among private workers, is mandated under Republic Act No. 8282 or the Social Security Act of 1997. The SSS is a contributory system that provides financial protection and benefits to members who regularly pay monthly contributions, including benefits such as funeral, death, disability, retirement, work injury and maternity benefits.

Social security contributions, small as they are compared to the protection and potential benefits afforded to members, still present a huge financial challenge to the working poor and the near poor workers.

While the financial burden on the employed is borne partly by the employer's contribution of about two-thirds of total SSS contributions, the self-employed have to pay for the entire contribution! Thus suffice to say, the self-employed who mostly are the working poor and the near poor workers do not have the full financial capacity to pay for their SS contributions. It is thus, not surprising that a vast disparity between the effective SSS coverage of the employed and the self-employed exists. Based on the SSS Facts and Figures as of December 2015, there are 9,814,900 paying members who are employed but only 978,842 paying members who are self-employed out of approximately 20 million employed private workers and 12 million self-employed private workers.¹ Furthermore, the average contribution level and the average contribution frequency of the self-employed are lower than that of the employed.

¹ Labor and Employment Statistics as of October 2015.

For the working poor or those workers whose monthly incomes are above the subsistence line but below the poverty line and the near poor or those workers whose monthly incomes are marginally above the poverty line, the SSS may spell the difference between recovering from a contingency and falling into absolute poverty.

This bill aims to relieve the financial burden of self-employed workers who are working poor and near poor with regard to their membership in SSS by prescribing government counterpart contributions.

This bill also addresses the gap in government poverty eradication programs which are currently focused on social assistance for the poorest of the poor. Preventive measures like this proposal will avert new Filipino families from joining the ranks of the poor that can diminish or even nullify the positive effects of the poverty eradication programs of the government.



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AN ACT
PROVIDING FOR ENHANCED SOCIAL PROTECTION
FOR THE WORKING POOR AND THE NEAR POOR
AND PROVIDING FOR THE FUND THEREFOR

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

ARTICLE I
GENERAL PROVISIONS

SECTION 1. *Short Title.* - This Act shall be known as the "Working Poor Protection Act of 2016".

SECTION 2. *Declaration of Policies.* - The State shall uplift the standard of living and quality of life of all Filipinos. Towards this end, the government shall undertake a comprehensive approach to poverty eradication that will consist of multi-layered programs which address the specific needs of the near poor, the working poor, and the poorest of the poor.

The State affirms its commitment to the millennium development goals and sustainable development goals, and adheres to international standards on working conditions and social protection floors. Specifically, the government shall provide assistance in order that the near poor and the working poor can enjoy the benefit of meaningful social protection against the hazards of disability, sickness, maternity, old-age, death, and other contingencies resulting in the loss of income or financial burden.

SECTION 3. *Definition of Terms.* - As used in this Act, the following terms are hereby defined:

- a) social protection refers to programs of the government aimed to

protect workers against contingencies resulting in loss of income or financial burden.

b) working poor shall refer to a worker with an average monthly income that is not sufficient to place a typical Filipino household above the poverty line as defined by the Philippine Statistics Authority or such other government agencies mandated to prepare the official poverty statistics of the country.

c) near poor shall refer to a worker with an average monthly income that is sufficient to place a typical Filipino household above, by no more than 20%, the poverty line as defined by the Philippine Statistics Authority or such other government agencies mandated to prepare the official poverty statistics of the country.

ARTICLE II

ENHANCED SOCIAL PROTECTION FOR SELF-EMPLOYED WORKERS

SECTION 4. *Enhanced Social Protection for the Working Poor.* -

All workers, whether employed or self-employed, shall be covered by the Social Security System (SSS), the Employee's Compensation (EC) Fund, the Philippine Health Insurance Corporation (Philhealth), and the Home Development Mutual Fund (Pag-IBIG) and they shall be entitled to all the benefits in accordance with the pertinent provisions provided by law.

A self-employed working poor who has a monthly income that is at least P2,750 but less than P9,250 shall be entitled to a counterpart government contribution for every valid monthly contribution to the SSS and the EC Fund based on the following schedule:

Range of income	Monthly salary credit (MSC)	EC contribution SE's share	SSS contribution SE's share	SSS contribution Govt's share
P2,750 – P3,249.99	P3,000	100.00%	33 1/3%	66 2/3%
P3,250 – P3,749.99	P3,500	100.00%	42 6/7%	57 1/7%
P3,750 – P4,249.99	P4,000	100.00%	50.00%	50.00%
P4,250 – P4,749.99	P4,500	100.00%	55 5/9%	44 4/9%
P4,750 – P5,249.99	P5,000	100.00%	60.00%	40.00%
P5,250 – P5,749.99	P5,500	100.00%	63 7/11%	36 4/11%
P5,750 – P6,249.99	P6,000	100.00%	66 2/3%	33 1/3%
P6,250 – P6,749.99	P6,500	100.00%	69 3/13%	30 10/13%
P6,750 – P7,249.99	P7,000	100.00%	71 3/7%	28 4/7%
P7,250 – P7,749.99	P7,500	100.00%	73 1/3%	26 2/3%

P7,750 – P8,249.99	P8,000	100.00%	75.00%	25.00%
P8,250 – P8,749.99	P8,500	100.00%	76 8/17%	23 9/17%

Provided, That contributions from government and the working poor shall be subject to review by the ECC and the SSS, taking into consideration poverty thresholds provided by the Philippine Statistics Authority not later than five (5) years after the effectivity of this Act and every six (6) years thereafter.

SECTION 5. Government Contribution. - The government contribution shall be paid only upon payment of the contribution by the working poor, subject to the schedule of payment prepared and prescribed by the SSS.

ARTICLE III ADMINISTRATION AND FUNDING

SECTION 6. Social Protection Fund. - A Social Protection Fund is hereby established under the budget of the SSS. This fund shall be used solely for the purpose of this Act and may not be used for other social protection programs of the government. This fund will be sourced from the following:

- a) ten percent (10%) of the share of the national government in all lotteries conducted by the Philippine Charity Sweepstakes Office;
- b) ten percent (10%) of the share of the national government in the earnings of the Philippine Amusement and Gaming Corporation; and
- c) ten percent (10%) of the eighty percent (80%) of the remaining balance of the incremental revenue derived from Republic Act No. 10351 allocated for the universal health care under the National Health Insurance Program, the attainment of the millennium development goals and health awareness programs.

SECTION 7. Administration of the Fund. - The Social Protection Fund shall be administered by the SSS as a separate and distinct fund from the SSS Investment Reserve Fund. The government contributions provided for under this Act shall be drawn from the fund.

SECTION 8. Responsibilities of the SSS. - The SSS shall have the following responsibilities:

- a) administer the Social Protection Fund, including the preparation of an annual financial report;
- b) devise systems and procedures for the timely computation of

aggregate government contributions; and

c) undertake coverage campaigns among the working poor.

SECTION 9. *Identification of the Working Poor.* - On a nationwide basis, the government shall select the working poor using a standardized targeting system and shall verify their monthly average income. The government shall conduct a revalidation of this selection every three (3) years.

ARTICLE IV MISCELLANEOUS PROVISIONS

SECTION 10. *Transitory Provision.* - Section 4 of this Act shall be implemented in the beginning of the year following the approval of this Act.

SECTION 11. *Implementing Rules and Regulations.* - Within six (6) months from the effectivity of this Act, the Lead Convenor of the National Anti-Poverty Commission, in coordination with the Secretary of Labor and Employment, the President and Chief Executive Officer of the Social Security System, and the Executive Director of the Employee's Compensation Commission shall promulgate the necessary rules and regulations for the effective implementation of this Act.

ARTICLE V FINAL PROVISIONS

SECTION 11. *Separability Clause.* - If any provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SECTION 13. *Repealing Clause.* - All laws, acts, presidential decrees, executive orders, issuances, presidential proclamations, rules and regulations or parts thereof which are contrary to and inconsistent with any provision of this Act are hereby repealed, amended or modified accordingly.

SECTION 15. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation.

Approved,