

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

EIGHTEENTH CONGRESS  
First Regular Session



COMMITTEE REPORT NO. 8

Submitted by the Committee on Appropriations on SEP 09 2019

Re: House Bill No. 4228

Recommending its approval without amendment.

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

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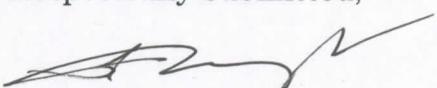
Mr. Speaker,

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. 4228, 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, AND FOR OTHER PURPOSES”

without amendment.

Respectfully submitted,

  
REP. ISIDRO T. UNGAB  
Chairperson  
Committee on Appropriations

THE HONORABLE SPEAKER  
HOUSE OF REPRESENTATIVES  
Quezon City

House of Representatives  
Committee Affairs Department

**FACT SHEET**

**House Bill No. 4228  
(FY 2020 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, AND FOR OTHER PURPOSES**

Introduced by Representatives Isidro T. Ungab, Alan Peter "Compañero S. Cayetano, Ferdinand Martin G. Romualdez, Elenita Milagros "Eileen" Ermita-Buhain, Joey Sarte Salceda, Junie E. Cua, Carlos O. Cojuangco, Jose "Pingping" I. Tejada, Micaela S. Violago, Alfred D. Vargas, Greg G. Gasataya, Jose Antonio "Kuya Jonathan" R. Sy-Alvarado, Romeo M. Jalosjos, Jr., Horacio P. Suansing, Jr., Francisco Jose "Bingo" F. Matugas II, Jose Enrique "Joet" S. Garcia III, Ruwel Peter S. Gonzaga, Rozzano Rufino B. Biazon, Corazon T. Nuñez-Malanyaon, Teodorico T. Haresco, Jr., Luisa Lloren Cuaresma, Juliette T. Uy, Juan Miguel Macapagal Arroyo, Paul Ruiz Daza, Jocelyn Sy Limkaichong, Manuel F. Zubiri, Manuel T. Sagarbarria, Lorna P. Bautista-Bandigan, Peter John D. Calderon, Michael John R. Duavit, Manuel Jose "Mannix" M. Dalipe, Luis N. Campos, Jr., David "Jay-Jay" C. Suarez, Ed Christopher S. Go, Sandro L. Gonzalez, Rudys Caesar G. Fariñas I, Romeo S. Momo, Sr., Vincent Franco "Duke" D. Frasco, Way Kurat Zamora, Samantha Louise Vargas Alfonso, Allyssa Sheena P. Tan, Diego "Nonoy" C. Ty, Strike B. Revilla, Joy Myra S. Tambunting, Faustino "Inno" A. Dy V, Narciso R. Bravo, Jr., Lorna C. Silverio, Fernando T. Cabredo, Wilfredo "Willy" S. Caminero, Eddiebong G. Plaza, Alfel M. Bascug, Jose "Jun" L. Ong, Jr., Rolando "Klarex" A. Uy, Divina Grace C. Yu, Maria Fe R. Abunda, Janice Z. Salimbangon, Glona G. Labadlabad, Ann K. Hofer, Rogelio "Ruel" D. Pacquiao, Joselito "Joel" S. Sacdalan, Henry R. Villarica, Geraldine B. Roman, Ria Christina G. Fariñas, Ma. Lucille L. Nava M.D., Gerardo "Gerryboy" J. Espina, Jr., Dale "Along" R. Malapitan, Rossana "Ria" Vergara, Alan "Aldu" R. Dujali, Jumel Anthony I. Espino, Nestor B. Fongwan, John Reynald M. Tiangco, Lucy Torres-Gomez, Carl Nicolas C. Cari, Gil "Kabbarangay Jr." A. Acosta, Francisco "Kiko" B. Benitez, Maricel G. Natividad-Nagaño, M.D., Emmarie "Lolypop" M. Ouano-Dizon, Josefina B. Tallado, Jocelyn F. Fortuno, Maximo Y. Dalog, Jr., Camille A. Villar, Angelo Marcos Barba, Arnold "Noli" D. Celeste, Ramon V. Guico III, Joseph Sto. Niño B. Bernos, Mario Vittorio "Marvey" A. Mariño, Jeffrey D. Khonghuni, Eduardo "Eddie" R. Gullas, Michael B. Gorriceta, Braeden John Q. Biron, Kristine Alexei B. Tutor, Munir M. Arbison, Lolita T. Javier, Rudy S. Caoagdan, DPA, Sonny "SL" L. Lagon, Ronnie L. Ong, Alfred C. Delos Santos,

Hector S. Sanchez, Rommel Rico T. Angara, Angelina "Helen" D. L. Tan, M.D., Jake Vincent S. Villa, Noel L. Villanueva, Tyrone D. Agabas, Solomon R. Chungalao, Edward Vera Perez Maceda, Cheryl P. Deloso-Montalla, Elias C. Bulut, Jr., Ian Paul L. Dy, Manuel Luis "Manny" T. Lopez, Arnie B. Fuentebella, Cesar "Jawo" L. Jimenez, Jr., Kristine Singson-Meehan, Abdullah D. Dimaporo, Pablo C. Ortega, Faustino Michael Carlos T. Dy III, Allan S. Reyes, Marissa Andaya, Antonio "Tonypet" T. Albano, Eric Go Yap, Yasser Alonto Balindong

*Committee Referral: APPROPRIATIONS  
Chairperson: REP. ISIDRO T. UNGAB*

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## 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) 2020.
- To approve the national budget for FY 2020 amounting to P4.100 Trillion, which is geared towards the implementation of programs and projects that will advance infrastructure development under the "Build Build Build" program and human capital development that is focused on education and health.
- To spur further development through cash-based budgeting which requires that all listed programs and projects in the Act be implemented and delivered within the year.

## KEY PROVISIONS

- Adopts the budget theme "***Continuing the Journey to a More Peaceful and Progressive Philippines***".
- Anchors spending on the medium-term Philippine Development Plan (PDP) (2017-2022) – which largely supports the government's socio-economic agenda, particularly the acceleration of infrastructure spending, the investment in human capital development, including education, health and other inequity-reducing social services and peace enabling initiatives.
- Implements a medium-term plan that supports the AmBisyon Natin 2040 which represents the collective long-term vision and aspirations of Filipinos of enjoying a "*Matatag, Maginhawa at Panatag na Buhay*" by 2040.
- Modernizes the budgeting system to meet international standards and adopts good practices and budget reforms.

- Reflects the government's resolve to allocate the available annual budgetary resources only for those programs, activities and projects which are better planned and can be executed and completed within the budget year by agencies based on implementation capacities.
  - Mandates that all appropriations authorized in this Act, including budgetary support to GOCCs shall be available for release and disbursement until December 31, 2020, while the amount appropriated as financial assistance to LGUs released during the fiscal year shall be available for disbursement until December 31, 2021.
  - Provides that appropriations for infrastructure capital outlays (CO), including those subsidy releases to GOCCs for infrastructure projects, shall be valid for obligation until December 31, 2020, while the completion of construction, inspection, and payment shall be made not later than December 31, 2021. Likewise, the allocation for maintenance and other operating expenses (MOOE) and other capital outlays item shall be valid for obligation until December 31, 2020, while the delivery, inspection and payment shall be made not later than June 30, 2021.
- **Adopts the following features and assumptions:**
- A gross domestic product (GDP) growth rate of 6.5 – 7.5 percent in 2020. The 2020 proposed budget is also formulated and consistent with the following macroeconomic assumptions: Inflation rate of 2.0 – 4.0; 364-day T-bill rates of 5.0-6.0; and foreign exchange rate of 51.0 – 55.0 peso to one US dollar;
  - A fiscal program with the following major features, among others:
    - Total revenues of P3,536.2 Billion in 2020, which translates to 16.7 percent of GDP and is higher by 12.3 percent from the 2019 revenue program of P3,149.7 Billion.
    - Consolidated public sector deficit of P272.879 Billion or 1.3 percent of GDP.
    - National government budget deficit of P677.566 Billion or 3.2 percent of GDP.
    - Outstanding national government debt of P8.768 Trillion or a Debt-to-GDP ratio of 41.5 percent by end-2020.
  - A budget of P4.100 Trillion, which corresponds to 19.4 percent of GDP, is P438.3 Billion or 12 percent higher than the P3.662 Trillion budget of 2019.

- Programmed New Appropriations of P2,850.2 Billion, P1,249.8 Billion in Automatic Appropriations, and P216.3 Billion of unprogrammed new appropriations as standby fund should revenue exceed targets or new loans secured to support the proposed budget.

## Dimensions of the 2020 Budget

### • Budget by Sector

- The social services sector will receive the largest share with P1,525.2 Billion or 37.2 percent of the total 2020 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.
- The Economic services sector will receive the second largest share at 28.9 percent with P1,183.7 Billion allocation.
- The general public services sector will receive the third largest allocation with P734.5 Billion or 17.9 percent, followed by the Defense sector with 195.6 Billion or 4.8 percent of the total budget.
- Debt Burden (interest payments and net lending to be disbursed to creditors) is allotted P461.0 billion or 11.2 percent of the total budget.

**Table 1 – Budget By Sector, 2020**  
*In Billion Pesos*

Particulars	2020	Percent Share
Economic Services	1,183.7	28.9%
Social Services	1,525.2	37.2%
Defense	195.6	4.8%
General Public Services	734.5	17.9%
Debt Burden	461.0	11.2%
Interest Payment	451.0	11.0%
Net Lending	10.0	0.2%
<b>TOTAL</b>	<b>4,100.0</b>	<b>100.0%</b>

### • Budget by Expense Class

- Personnel services will be allocated with P1,255.7 Billion, equivalent to 30.6 percent of the total 2020 budget. The amount will cover the salaries and benefits of state workers, creation of new positions, filling up of vacant positions, as well as the proposed salary increase of government employees

with an initial amount of P31.1 Billion and the higher pensions of military and uniformed personnel of P125.5 Billion.

- Maintenance and Other Operating Expenses or MOOE will get a share of P1,587.7 Billion or 38.7 percent to support the operations of government agencies.
- On the other hand, Capital Outlays and Net Lending will get an allocation of P804.2 Billion or 19.6 percent of the proposed budget. This is due to the hefty increase for infrastructure in support of the Build, Build, Build Program, particularly for communications, roads and transportation among others. Meanwhile financial expense primarily for the payment of interest payment on loans amounts to P452.4 Billion or 11.0 percent of the total budget.

Table 2. Budget by Expense Class FY 2020 (Amounts, In Billion Pesos)		
Particulars	2020	Percent Share
Current Operating Expenditures	3,295.8	80.4%
Personnel Services	1,255.7	30.6%
MOOE	1,587.7	38.7%
Financial Expenses	452.4	11.0%
Capital Outlays & Net Lending	804.2	19.6%
<b>TOTAL</b>	<b>4,100.0</b>	<b>100.0%</b>

#### • By Recipient Entity

- The largest share of the 2020 budget amounting to P2,665.9 Billion or 65.0 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.
- Government Owned and/or Controlled Corporations (GOCCs) are allocated the amount of P192.0 Billion or 4.7 percent as budgetary support in terms of subsidy and equity investments to the capitalization of concerned GOCCs.
- Local Government Units (LGUs) will receive an allocation of P781.1 Billion or 19.1 percent of the total budget. The allocation is 22.2 percent higher over the 2019 level of P639.2 Billion which corresponds to the P73.4 Billion higher Internal Revenue (IRA) shares as well as the funding requirements for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). The automatically appropriated IRA shares amounting to P648.9 Billion continues to account for the lion share which is 83.1 percent of the funds allocated LGUs. This will increase to 91.2

percent when combined with the BARMM block fund of P63.6 Billion. The other government transfers to LGUs include P29.1 Billion for special shares of LGUs in the proceeds in the national taxes, including the fire code fees; P4.1 Billion for Metropolitan Manila Development Authority (MMDA), and P28.0 Billion provision for Local Government Support Fund (LGSF).

- Payments to creditors, in terms of interest payments and net advances to service the debts incurred by GOCCs are allocated P461.0 Billion.

Table 3. Budget Level, By Recipient Unit (In billion pesos)		
Particulars	2020 Level	Percent Share
National Government Agencies	2,665.9	65.0%
Local Government Units	781.1	19.1%
Government Owned and/or Controlled Corporations	192.0	4.7%
Creditors	461.0	11.2%
<b>TOTAL</b>	<b>4,100.0</b>	<b>100.0%</b>

#### • Departments with the Highest Budgetary Allocation

- Consistent with the constitutional mandate of providing the largest budget to education, the DepEd, including State Universities and Colleges (SUCs), CHED and the Technical Education and Skills Development Authority (TESDA) are provided a combined allocation of P673.0 Billion in 2020. To accelerate human capital development by providing learning opportunities to all, the DepEd's budget of P551.7 Billion will cover basic education, including the continuous implementation of the K to 12 program. The amount will also be used, among others, to construct 8,000 classrooms (P20 Billion); procure 42,251 school seats (P4.8 Billion); repair and rehabilitate classrooms (P6.5 Billion), and electrification of on-grid schools and energization of off-grid schools in 1047 sites nationwide (P2.0 Billion).
- Of the DepEd's budget, an amount of P12.6 Billion will be used for learning resources that will facilitate the development of students into a formidable human resource. Of this total fund, P9.0 Billion will be channeled to the Computerization Program, P2.1 Billion to fund science and math equipment, P963 Million will be allocated for textbooks and instructional materials, and P595 Million will be earmarked for technical vocational livelihood equipment.

- In addition, tertiary education is allotted a total budget of P109.3 billion disaggregated into P68.5 billion for SUCs, and P40.8 Billion for CHED. Likewise, the TESDA is provided a total budget of P12.0 Billion to cover the cost of tertiary education.. To continue the implementation of the Universal Access to Quality Tertiary Education, the amount of P39.3 Billion is earmarked for 2020.
- As the government's lead infrastructure arm, the Department of Public Works and Highways (DPWH) will receive the 2nd largest share with P534.3 Billion while the Department of Transportation (DOTr) gets the 7<sup>th</sup> place with P147.0 Billion. These amounts will provide connectivity for Filipinos and for the implementation of major programs and projects. The bulk of the allocation for DOTr will be spent for rail transport program to fund its various railway project; air transport program to improve airports in terms of safety and on-time performance, and sea transport to provide convenient and affordable sea transportation.
- Out of the DPWH budget of P534.3 Billion, P40.5 Billion will be used for road transport program, the construction of new roads, with by-passes and diversion roads, among others. Also, an amount of P21.9 Billion is allocated for the construction of missing road links; while the amount of P3.4 Billion is allocated for the construction of flyovers, interchanges and underpasses. Some P10.5 Billion is allocated for the construction and improvement of access roads leading to trade, industries and economic zones. To expand traffic capacity, the DPWH needs to add extra lanes to some existing road networks with a budget of P33.5 Billion while P3.1 Billion will be spent for the paving of unpaved roads, and P16.9 Billion for preventive maintenance. These are just among the priority projects of the DPWH.
- The Department of the Interior and Local Government (DILG) is allocated the amount of P238.0 Billion, the third highest, to help promote citizen engagement in governance, efficient delivery of public goods and services at the local level, particularly for disadvantaged communities and strengthening peace and order efforts. Under the proposed budget, about 10,000 Police Officer I will be created costing the government P3.0 Billion. Likewise, about 27,000 positions will be filled-up by the PNP with P14.4 Billion budget. This will bring the police-to-population ratio of 1:500. For the PNP to fulfill its vision of achieving a more capable, effective and credible police force, its capability enhancement program will be supported with P2.0 Billion to upgrade the force's facilities and equipment.
- The Department of Social Welfare and Development (DSWD) coming in 4<sup>th</sup> position, with its proposed budget of P195.0 Billion will implement and support the following programs: P69.8 billion for the *Pantawid Pamilyang Pilipino Program* (4Ps) that will provide cash grants to 4.4 million households; P22.8 Billion for the Social Pension for Indigent Senior Citizens; P5.9 Billion

for Financial Assistance; P2.6 Billion for Sustainable Livelihood Program; and P100 Million for Cash Gift for Centenarians. In addition, the amount of P36.5 Billion is allocated for the Unconditional Cash Transfer program to provide unconditional cash grant to each household belonging to the poorest 10 million, including the 4.4 Million existing CCT beneficiaries.

- To provide a secure, orderly and safe environment conducive to social and economic development, the Department of National Defense (DND) is provided with P189.0 Billion, ranking 5<sup>th</sup> among the top departments. The DND will continually be strengthened through the modernization of the Armed Forces of the Philippines.
- The Department of Health (DOH) will receive the 6<sup>th</sup> largest allocation of the budget at P166.5 Billion which includes the PHIC budget of P67.4 Billion, to ensure the government's commitment to make available health services to the poor. Some P12.6 Billion is allocated for the continued provision of free medicines and vaccines; P9.4 Billion is earmarked for medical assistance to indigent patients; and P5.9 Billion for Health Facilities Enhancement Program.
- The Department of Agriculture (DA) ranks 8<sup>th</sup> with P93.1 Billion which is aimed at increasing rice production and fishing output, as well as the construction of farm-to-market roads. The NG will continue to support farmers through irrigation network development by the National Irrigation Administration and DA with P25.7 Billion. For agricultural infrastructure, DA will facilitate the construction of FMRs nationwide with P12.4 Billion budget. About P15.4 Billion will be utilized for DA's national banner programs for rice, corn, high value crops, organic agriculture, fisheries and livestock. The National Rice Program will get the highest allocation of P7.0 Billion, which is on top of the P10 Billion allotted for Rice Competitiveness Enhancement Fund. Meanwhile, P2.5 Billion will be provided for credit support services for small farmers and fisherfolks through the Agro-Industry Modernization Credit Financing Program.
- The Judiciary and the Department of Environment and Natural Resources get the 9<sup>th</sup> and 10<sup>th</sup> ranks with P38.7 Billion and P26.4 Billion, respectively.

Table 4. TOP DEPARTMENTS		
(In Billion Pesos)		
2020		
Department	Amount	Rank
EDUCATION	673.0	1
DEPED	551.7	
SUCS	68.5	
CHED	40.8	
TESDA	12.0	
DPWH	534.3	2
DILG	238.0	3
DSWD includes Unconditional Cash Transfer	195.0	4
DND	189.0	5
DOH includes Philhealth	166.5	6
DOTr	147.0	7
DA includes NIA	93.1	8
The Judiciary	38.7	9
ARMM	26.4	10

#### Financing the Proposed Budget

- The National Government expects revenue collections in 2020 to reach P3.536 Trillion, or 16.7 percent of GDP. This is 12.3 percent higher than the 2019 programmed revenue of P3.150 Trillion which is equivalent to 16.5 percent of GDP. The P3.536 Trillion revenue will fund about 84 percent of the P4.214 Trillion programmed disbursements for 2020, obliging the national government to partly finance through borrowings about 16 percent of the expenditures.
- Of the P3.536 trillion revenues for 2020, P3.332 Trillion, or 94 percent will be in the form of taxes while P204 Billion or 6 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 P2.576 Trillion, while the rest will be contributed by the Bureau of Customs (BOC) with P731.2 Billion, and other offices with P25.2 Billion.
- On the other hand, the government intends to borrow in 2020 the amount of about P1.400 trillion, of which P353.1 Billion will be sourced from foreign creditors while P1.047 Trillion will be sourced domestically. Of the total borrowings, P677.6 Billion will be used to finance the deficit, settle P158.1 Billion in maturing debt obligations, and the balance includes contributions to the bond sinking fund, and maintain sufficient cushion of cash in the 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