

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS

First Regular Session



COMMITTEE REPORT NO. 43

Submitted by the Committee on Appropriations on September 19, 2022

Re: House Bill No. 4488

Recommending its approval without amendment.

Sponsors: Co (E.), Romualdez (F.M.), Dalipe, Quimbo, Co (A.N.), Suansing, Jr. (H.), Violago, Nava, Salimbangon, Bautista-Lim, Ty, Lacson, Zamora (M.C.), Abante, Jr., Dujali, Espina, Jr., Bautista, Tiangco, Singson (R.V.), Limkaichong, Campos, Jr., Calderon, Del Mar, Vargas-Alfonso, Lara, Gonzaga, Cajayon-Uy, Yu (D.G.), Cari, Martinez, Cuaresma, Cabredo, Garin, Tan (S.), Aquino II, Suarez, Cua, Alonte, Dy V (F.), Matugas, De Venecia, Dy (I.P.), Bongalon, Alvarez (J.), Arenas, Albano, Loyola, Gonzales II (N.), Haresco, Jr., Go (E.C.), Celeste, Alvarez (M.), Fuentebella, Zubiri, Jr., Umali, Villaraza-Suarez, Yap (Eric), Bernos and Momo

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. 4488, 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-THREE”

without amendment.

Respectfully submitted,


REP. ELIZALDY S. CO
Chairperson
Committee on Appropriations

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4488



Introduced by Representatives Co (E.), Romualdez (F.M.), Dalipe, Quimbo, Co (A.N.), Suansing, Jr. (H.), Violago, Nava, Salimbangon, Bautista-Lim, Ty, Lacson, Zamora (M.C.), Abante, Jr., Dujali, Espina, Jr., Bautista, Tiangco, Singson (R.V.), Limkaichong, Campos, Jr., Calderon, Del Mar, Vargas-Alfonso, Lara, Gonzaga, Cajayon-Uy, Yu (D.G.), Cari, Martinez, Cuaresma, Cabredo, Garin, Tan (S.), Aquino II, Suarez, Cua, Alonte, Dy V (F.), Matugas, De Venecia, Dy (I.P.), Bongalon, Alvarez (J.), Arenas, Albano, Loyola, Gonzales II (N.), Haresco, Jr., Go (E.C.), Celeste, Alvarez (M.), Fuentebella, Zubiri, Jr., Umali, Villaraza-Suarez, Yap (Eric), Bernos, Momo, Vergara, Advincula, Atayde, Garcia (D.), Garcia (M.A.), Gardiola, Luistro, Mercado (L.V.), Nograles (M.I.), Pancho, Rama, Rillo, Villafuerte (M.L.), Bascug, Plaza, Tan (S.J.), Sali, Cruz, Jr. (R.), Angara, Cruz, Jr. (A.), Balindong, Eudela, Pleyto, Mangaoang, Barba, Matibag, Ang, Jr., Bustos, Reyes, Delos Santos, Tulfo (J.), Lagon (S.), Cardema, Singson (R.), Tanchay, Verzosa, Jr., Chatto, Fortes, Legarda, Jr., Chungalao, Maceda, Cojuangco (J.), Amante, Romero, Fresnedi, Lazatin II, Adiong, Revilla III (R.J.), Sakaluran, Almario, Asistio, Dionisio, Jr., Dy III (F.M.), Khonghun, Maniquiz, Panaligan, Tallado, Unabia, Vargas, Go (M.), Co-Pilar, Ouano-Dizon, Lagon (D.), Aumentado, Yap (C.), Dimaporo (S.A.), Santos, Mastura, Golez, Jr., Hernandez, Barzaga, Rodriguez (E.) and Pascual

EXPLANATORY NOTE

The submission of the President on August 22, 2022, of the FY 2023 National Expenditure Program marks the start of the annual budget legislation/authorization process by Congress. The 1987 Constitution provides that "*The President shall submit to the Congress within thirty-days from the opening of every regular session, as the basis of the general appropriations bill, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures.*" (Article VII, Section 22, 1987 Constitution)

As such, it is now the responsibility of the House of Representatives through the Committee on Appropriations, where the General Appropriations Act originates, to pass a timely, responsive and inclusive budget for the Filipino people. The origination clause states, "*All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments.*" (Article VI, Section 24, 1987 Constitution)

The role of Congress in the budget process likewise upholds the provision that "*No money shall be paid out of the Treasury except in pursuance of an appropriation made by law.*" (Article VI, Section 29 (1), 1987 Constitution)

The proposed FY 2023 National Expenditure Program submitted by the President is anchored on the budget theme “**Agenda for Prosperity: Economic Transformation Towards Inclusivity and Sustainability**”, with an overarching objective of economic transformation.

Presented by measurable medium-term macroeconomic and fiscal objectives, the General Appropriations Bill embodies the 8-point socioeconomic agenda of this administration comprised of: (1) food security; (2) improved transportation; (3) affordable and clean energy; (4) health care; (5) social services; (6) education; (7) bureaucratic efficiency; and (8) sound fiscal management.

The 8-point socioeconomic agenda is an action plan for the immediate recovery of the economy from the lingering effects of the COVID-19 pandemic. The near-term objective is to address rising inflation driven by internal and external factors, socioeconomic scarring, and low income.

In specific terms, the FY 2023 proposed national budget has three (3) main pillars, namely: (1) strengthen the purchasing power of Filipinos; (2) reduce vulnerability and mitigate scarring from the COVID-19 pandemic; and (3) enhance bureaucratic efficiency.

The President's budget message clearly underlines that the overall goal is to reinvigorate job creation and reduce poverty by steering the economy back to its high-growth path in the near term and sustaining its high, inclusive, and resilient growth in the long term.

Macroeconomic Assumptions and Fiscal Program

The FY 2023 budget is crafted based on a set of macroeconomic assumptions and parameters. Changes in these impact the growth trajectory, revenue streams, and deficit levels. Among the major macroeconomic assumptions are the following: (a) the real GDP growth rate; (b) inflation rate; (c) 364-day interest rate; and (d) foreign exchange rate.

The targeted GDP growth rate is 6.5 to 8.0 percent, following the fiscal consolidation strategy for 2022 to 2028 to sustain growth from 2023 to 2028. This is despite the external factors arising from the Russia-Ukraine conflict and the policy rate tightening of the US Federal Reserve.

Inflation assumption for FY 2023 is retained at 2.0 to 4.0 percent. This means that prices in the typical consumption basket of Filipino families will remain stable and predictable. The assumption for the price of Dubai crude oil per barrel for FY 2023 is pegged at USD 80 to 100 per barrel based on the future market.

The price of Dubai crude oil per barrel for 2023 is seen to average at USD 80 to 100 per barrel based on the future market, with the anticipated stabilization of global supply over the medium-term.

In the foreign exchange market, the peso-dollar-exchange rate is assumed at P51.00 – P55.00/US\$1 from 2023 to 2025 onwards. The primary market for the 364-day T-bill rate could settle to 3.0 to 4.5 percent for 2023. The trends in the domestic T-bill market will continue to be influenced by the current liquidity management efforts by the National Government and the Bangko Sentral ng Pilipinas.

The FY 2023 Budget is consistent with the following macroeconomic assumptions.

Table 1. Key Macroeconomic Assumptions

2022 - 2023		
Particulars	2022	2023
Real GDP Growth (%)	6.5 – 7.5	6.5 – 8.0
Inflation Rate (%)	2.0 – 4.0	2.0 – 4.0
364-Day T-bill Rate (%)	2.5 – 4.0	3.0 – 4.5
Foreign Exchange Rate (PhP/US\$)	51 – 53	51 – 55
Dubai Crude Oil Price (US\$/barrel)	90 – 110	80 – 100
LIBOR, 6 months (%)	1.5 – 2.5	3.0 – 4.0
Exports, Growth (%)	7.0	6.0
Import, Growth (%)	18.0	6.0

Source: BESF

The FY 2023 budget is also formulated based on the following fiscal program:

- (i) Total revenues of P3,632.9 Billion in FY 2023, which translates to 15.3 percent of GDP and is higher by 10 percent from the FY 2022 revenue program of P3,304.1 Billion;
- (ii) Consolidated public sector deficit of P963.979 Billion or 4.1 percent of GDP;
- (iii) National government budget deficit of P1,452.922 Billion or 6.1 percent of GDP;
- (iv) Outstanding national government debt of P14.632 Trillion or a debt-to-GDP ratio of 61.60 percent by end-2023.

**Table 2. Fiscal Program, 2022-2023
(In Billion Pesos)**

PARTICULARS	2022	2023
Revenues	3,304.1	3,632.9
Disbursements	4,954.6	5,085.8
Deficit	(1,650.5)	(1,452.9)
<i>As % of GDP</i>		
Revenues	15.2%	15.3%
Disbursements	22.9%	21.4%
Deficit	-7.6%	-6.1%

Source: BESF

The Proposed Expenditure Program

The proposed FY 2023 national budget amounting to P5.268 Trillion is 22.2 percent of GDP. This is 4.9 percent higher or P244.4 Billion more than the FY 2022 budget of P5.023 Trillion.

Of the P5.268 Trillion budget, new general appropriations which Congress will authorize is P4.259 Trillion, consisting of P3.671 Trillion in Programmed New Appropriations and P588.2 Billion in Unprogrammed Appropriations which may only be utilized when revenue collections in any one of the identified revenue sources exceed targets per Budget of Expenditures and Sources of Financing (BESF) or when new foreign loans or grants are received.

The Programmed New Appropriations of P3.671 Trillion, together with the P1.597 Trillion in Automatic Appropriations which is outside the purview of this General Appropriations Bill, will provide for the appropriation cover for the P5.268 Trillion budget.

**Table 3. The Proposed Expenditure Program
(In Billions Pesos)**

Particulars	Levels		Percent to Total	
	2022	2023	2022	2023
Total New General Appropriations	3,602.4	4,259.3	71.7%	80.9%
Less: Unprogrammed Appropriations	251.6	588.2	5.0%	11.2%
Equals: Programmed New Appropriations	3,350.7	3,671.1	66.7%	69.7%
Plus: Automatic Appropriations	1,672.9	1,596.9	33.3%	30.3%
National Tax Allotment	959.0	820.3	19.1%	15.6%
Debt Service-Interest Payment	512.6	582.3	10.2%	11.1%
BARMM Annual Block Grant	67.0	64.8	1.3%	1.2%
RLIP	60.0	64.2	1.2%	1.2%
Net Lending	28.7	28.7	0.6%	0.5%
Tax Expenditure Fund	14.5	14.5	0.3%	0.3%
Special Accounts in the General Fund	31.1	22.2	0.6%	0.4%
Total Expenditure Program	5,023.6	5,268.0	100.0%	100.0%

Financing the FY 2023 Proposed Budget Revenues and Borrowings

The National Government expects revenue collections in FY 2023 to reach P3.633 Trillion, or 15.3 percent of GDP. This is 10 percent higher than the FY 2022 programmed revenue of P3.304 Trillion which is equivalent to 15.2 percent of GDP. The P3.633 Trillion revenue will fund about 69 percent of the P5.268 Trillion programmed disbursements for FY 2023.

Of the P3.633 Trillion revenues for FY 2023, P3.464 Trillion, or 95 percent will be in the form of taxes while P168 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 P2.670 Trillion, while the rest will be contributed by the Bureau of Customs (BOC) with P765.6 Billion, and other offices with P28.1 Billion.

On the other hand, the government intends to borrow in FY 2023 the amount of about P2.207 Trillion, of which P553.500 Billion will be sourced from foreign creditors while P1,653.5 Billion will be sourced domestically. Of the total borrowings, P1,452.9 Billion will be used to finance the deficit, settle P124.5 Billion in maturing debt obligations, and the balance includes contributions to the bond sinking fund, and maintain sufficient cushion of cash in the National Treasury.

Table 4. Revenues, 2022-2023
In Billion Pesos

	2022	2023
REVENUES	3,304.1	3,632.9
<i>% of GDP</i>	15.2	15.3
<i>% Growth</i>	10.0	10.0
Tax Revenues	3,139.6	3,464.1
<i>BIR</i>	2,392.6	2,670.4
<i>BOC</i>	721.5	765.6
<i>Others</i>	25.5	28.1
Non-Tax Revenues	164.0	168.3
Privatization	0.5	0.5

Source: BESF

Dimensions of the Proposed Budget
A. Budget by Sector

The expenditure program for FY 2023 gives priority to social and economic services in support of the government's top priority programs and projects for poverty reduction and economic recovery. As such, the social services sector will receive the largest share with P2,070.7 Billion or 39.3 percent of the total FY 2023 budget, investing on human capital development and youth empowerment through education, culture and manpower development, with the implementation of 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 29 percent with a P1,528.5 Billion allocation to sustain the implementation of the Build, Build, Build Program and to fuel the Build, Better, More program which is essential for the economic transformation and generation of more jobs.

The general public services sector ranks third in terms of budget allocation with P807.2 Billion or 15.3 percent, while the defense sector ranks last with P250.7 Billion or 4.8 percent of the total budget.

Debt Burden (interest payments and net lending to be disbursed to creditors) is allotted P611.0 Billion or 11.6 percent of the total budget.

Table 5. Budget by Sector

Sector	Levels (In Billion Pesos)		Percent Share		Percent of GDP	
	2022	2023	2022	2023	2022	2023
Social Services	1,932.4	2,070.7	38.47%	39.31%	8.9%	8.7%
Economic Services	1,494.1	1,528.5	29.74%	29.01%	6.9%	6.4%
General Public Services	834.7	807.2	16.62%	15.32%	3.9%	3.4%
Defense	221.1	250.7	4.40%	4.76%	1.0%	1.1%
Debt Burden	541.3	611.0	10.78%	11.60%	2.5%	2.6%
Total	5,023.6	5,268.0	100.00%	100.00%	23.2%	22.2%

Source: BESF

B. Budget by Expense Class

In terms of general expenses class, Maintenance and Other Operating Expenses or MOOE comprises the largest share of the FY 2023 budget with P2.042 Trillion or 39 percent. This will mainly fund the implementation of various education, health, and social protection programs of the national government, as well as the operations of line departments and agencies.

Personnel Services accounts for the second largest share of the budget with P1.631 Trillion or 31 percent to cover, among others, the requirements for the creation of new positions and filling up of vacant items for key agencies, provisions for compensation benefits including the last tranche for salary increase and additional allowances for military and uniformed personnel (MUP), and for the National Government Rightsizing Program.

The Capital Outlays and Net Lending will receive an allocation of P1.011 Trillion or 19.2 percent of the proposed budget primarily for the various infrastructure programs, including Build Better, More.

The Financial Expenses provided primarily for the payment of interest on loans and bank charges amounts to P583.2 Billion or 11.1 percent of the total budget.

Table 6. Budget by Expense Class
(Amounts, In Billion Pesos)

Particulars	2022 Program	2023 Proposed	Percent Share	
			2022	2023
Current Operating Expenditures	4,004.4	4,256.6	79.7%	80.8%
Personnel Services	1,405.3	1,631.4	28.0%	31.0%
MOOE	2,085.3	2,042.0	41.5%	38.8%
Financial Expenses	513.8	583.2	10.2%	11.1%
Capital Outlays & Net Lending	1,019.2	1,011.4	20.3%	19.2%
TOTAL	5,023.6	5,268.0	100.0%	100.0%

C. Top Recipients

Consistent with the constitutional provision where the highest allocation is given to education, the 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 P852.8 Billion in FY 2023. This budget shall provide for the implementation of measures to ensure safe face-to-face education, access to quality education and addressing gaps in resources and facilities of schools located in the geographically-isolated and disadvantaged and conflict-affected areas. This also includes Universal Access to Quality Tertiary Education Program and Technical Education and Skills Development Authority programs through promotion of reskilling and upskilling agenda for displaced workers and out-of-school youth.

Ranked 2nd is the Department of Public Works and Highways (DPWH) with an allocation of P718.4 Billion. The amount is P68.2 Billion lower or 8.7 percent less than the FY 2022 level P786.6 Billion due to non-recurring capital outlay projects and the devolution of some programs/projects to the local government units with the implementation of the Mandanas-Garcia ruling.

The budget includes P53.940 Billion for the construction of by-passes and diversion roads, P19.766 Billion for the construction of missing road links and new roads, P146.892 Billion for flood management program and P28.770 for bridge program. The convergence and special support program of DPWH with other agencies is allocated P154.506 Billion, which include provisions for the Sustainable Infrastructure Projects Alleviating Gaps (SIPAG) and Basic Infrastructure Program (BIP).

Ranked 3rd is the Department of Health with an allocation of P296.3 Billion which includes the budget of the Philippine Health Insurance Corporation of P100 Billion, an assurance of the government's commitment to make health services available to the people specially the poor. Some P22.9 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. P29.1 Billion is allocated for the purchase of drugs, medicines and vaccines, including medical and dental supplies for distribution to government health care facilities. Medical Assistance to Indigent Patients is allocated P22.4 Billion for hospitalization and assistance to indigent and financially-incapacitated patients.

Ranked 4th is the Department of the Interior and Local Government (DILG) with an allocation of P253.1 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.

The Department of National Defense (DND) ranked 5th with P240.7 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.

Ranked 6th is the Department of Social Welfare and Development (DSWD) with an allocation of P197.0 Billion for the continues implementation of the: (i) Pantawid Pamilyang Pilipino Program (4Ps) – P115.6 Billion; (ii) Social Pension for Indigent Senior Citizens (SocPen) amounting to P25.3 Billion; and (iii) P19.8 Billion for Assistance to Individuals in Crisis Situation.

Ranked 7th is the Department of Transportation (DOTr) with an allocation of P167.1 Billion with an increase of about P91.2 Billion or 120.4 percent higher than the FY 2022 level of P75.8 Billion. The increase will support the implementation of the programs and projects under the Build, Better, More program, to make the Philippines an investment destination with the implementation of the proper transportation infrastructure such as railways and regional airports.

Ranked 8th is the Department of Agriculture (DA) with an allocation of P102.1 Billion budget for FY 2023, with the aim of ensuring food safety and security, sufficient rice supply, expansion of fertilizer support, and commitment to raise farmers' and fisherfolks agricultural productivity. 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, and research and development support. The farm-to-market roads (FMRs) will receive an allocation of P13.1 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.

Ranked 9th is the Judiciary with an allocation of P52.7 Billion. The amount includes P24.3 Billion for the adjudication program of the Judiciary, and some P1.2 Billion for the construction, completion and rehabilitation of Halls of Justice nationwide.

Ranked 10th is the Department of Justice (DOJ) with P28.2 Billion.

Table 7. TOP DEPARTMENTS
(In Billion Pesos)

Department	2022		2023		Increase/(Decrease)	
	Amount	Rank	Amount	Rank	Amount	Percent
EDUCATION	788.5	1	852.8	1	64.4	8.2%
DEPED	633.3		710.7		77.4	12.2%
SUCS	108.4		97.8		-10.6	-9.8%
CHED	32.8		30.7		-2.1	-6.4%
TESDA	14.0		13.7		-0.3	-2.1%
DPWH	786.6	2	718.4	2	-68.2	-8.7%
DOH incl. PhilHealth	268.3	3	296.3	3	28.0	10.4%
DILG	251.3	4	253.1	4	1.8	0.7%
DND	220.9	5	240.7	5	19.8	9.0%
DSWD	205.0	6	197.0	6	-8.0	-3.9%
DOTr	75.8	7	167.1	7	91.3	120.4%
DA	71.0	8	102.1	8	31.1	43.8%
The Judiciary	47.0	10	52.7	9	5.7	12.1%
DOLE	51.3	9				
DOJ			28.2	10		

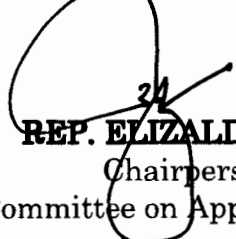
Conclusion

In view of the foregoing, I request every Member of this august body to join the Members of the Committee on Appropriations in coming up with a collective decision and recommendation to approve this General Appropriations Bill for FY 2023, which authorizes the appropriations of P4.259 Trillion for the operation of the national government, consist of P3.671 Trillion in Programmed New Appropriations and P588 Billion in Unprogrammed Appropriations.

The timely passage of the General Appropriations Bill ensures the fulfillment of the Administration's Agenda for prosperity and economic transformation.

In solidarity and with a united front, we shall be able to deliver the necessary tools and resources with this budget to improve the lives of our constituents and uplift their hope for a better quality of life and future prosperity and advancement of the Filipino people.

For the Committee on Appropriations:


REP. ELIZALDY S. CO
Chairperson
Committee on Appropriations



House of Representatives
Committee Affairs Department

FACT SHEET

House Bill No. 4488
(FY 2023 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-THREE

Introduced by Representatives Co (E.), Romualdez (F.M.), Dalipe, Quimbo, Co (A.N.), Suansing, Jr. (H.), Violago, Nava, Salimbangon, Bautista-Lim, Ty, Lacson, Zamora (M.C.), Abante, Jr., Dujali, Espina, Jr., Bautista, Tiangco, Singson (R.V.), Limkaichong, Campos, Jr., Calderon, Del Mar, Vargas-Alfonso, Lara, Gonzaga, Cajayon-Uy, Yu (D.G.), Cari, Martinez, Cuaresma, Cabredo, Garin, Tan (S.), Aquino II, Suarez, Cua, Alonte, Dy V (F.), Matugas, De Venecia, Dy (I.P.), Bongalon, Alvarez (J.), Arenas, Albano, Loyola, Gonzales II (N.), Haresco, Jr., Go (E.C.), Celeste, Alvarez (M.), Fuentebella, Zubiri, Jr., Umali, Villaraza-Suarez, Yap (Eric), Bernos, Momo, Vergara, Advincula, Atayde, Garcia (D.), Garcia (M.A.), Gardiola, Luistro, Mercado (L.V.), Nograles (M.I.), Pancho, Rama, Rillo, Villafuerte (M.L.), Bascug, Plaza, Tan (S.J.), Sali, Cruz, Jr. (R.), Angara, Cruz, Jr. (A.), Balindong, Eudela, Pleyto, Mangaoang, Barba, Matibag, Ang, Jr., Bustos, Reyes, Delos Santos, Tulfo (J.), Lagon (S.), Cardema, Singson (R.), Tanchay, Verzosa, Jr., Chatto, Fortes, Legarda, Jr., Chungalao, Maceda, Cojuangco (J.), Amante, Romero, Fresnedi, Lazatin II, Adiong, Revilla III (R.J.), Sakaluran, Almario, Asistio, Dionisio, Jr., Dy III (F.M.), Khonghun, Maniquiz, Panaligan, Tallado, Unabia, Vargas, Go (M.), Co-Pilar, Ouano-Dizon, Lagon (D.), Aumentado, Yap (C.), Dimaporo (S.A.), Santos, Mastura, Golez, Jr., Hernandez, Barzaga, Rodriguez (E.) and Pascual

Committee Referral: **APPROPRIATIONS**

Chairperson: **REP. ELIZALDY S. CO**

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) 2023.
- To approve the national budget for FY 2023 amounting to P5.268 Trillion, which is geared towards the implementation of programs and projects that will foster immediate recovery of the economy from the lingering effects of the COVID-19 pandemic, and address the rising inflation driven by internal and external factors, socioeconomic scarring, and low income.
- To fund key programs and measures aimed at fortifying the the 8-point socioeconomic agenda of the administration, namely: (1) food security; (2) improved transportation; (3) affordable and clean energy; (4) health care; (5) social services; (6) education; (7) bureaucratic efficiency; and (8) sound fiscal management.

KEY PROVISIONS

- Supports the three (3) main pillars of the government, namely: (1) strengthen the purchasing power of Filipinos; (2) reduce vulnerability and mitigate scarring from the COVID-19 pandemic; and (3) enhance bureaucratic efficiency.
- Reinvigorates job creation and reduce poverty by steering the economy back to its high-growth path in the near term and sustaining its high, inclusive, and resilient growth in the long term.
- Provides funding for the key programs and measures aimed at fortifying the 8-point socioeconomic agenda of the administration, namely: (1) food security; (2) improved transportation; (3) affordable and clean energy; (4) health care; (5) social services; (6) education; (7) bureaucratic efficiency; and (8) sound fiscal management.
- Authorizes that all appropriations authorized in this Act, including budgetary support to GOCCs, shall be available for release and obligation for the purpose specified, and under the same general and special provisions applicable thereto, until December 31, 2023. However, the amount appropriated herein as local government support fund released and obligated during the fiscal year shall be available for disbursement for the purpose specified until December 31,

2024. On the other hand, appropriations for the statutory shares of LGUs shall be available for obligation and disbursement until fully expended.

- Provides that disbursement shall be made not later than December 31, 2023, however, the completion of construction, inspection, and payment of infrastructure capital outlays, including those subsidy releases to GOCCs for infrastructure projects, shall be made not later than December 31, 2024. On the other hand, the delivery, inspection, and payment of MOOE and other capital outlays shall be made not later than June 30, 2024.
- Directs that after the end of the validity period, all unreleased appropriations shall lapse, while unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund.
- Adopts the following parameters and assumptions in the formulation of the National Budget:
 - a. A gross domestic product (GDP) growth rate of 6.5 to 8.0 in 2023. Inflation rate of 2.0 – 4.0; 364-day T-bill rates of 3.0 – 4.5; and foreign exchange rate of 51.00 – 55.00 peso to one US dollar;
 - b. A fiscal program with the following major features, among others:
 - 1) Total revenues of P3,632.9 Billion in FY 2023, which translates to 15.3 percent of GDP and is higher by 10 percent from the FY 2022 revenue program of P3,304.1 Billion;
 - 2) Consolidated public sector deficit of P963.979 Billion or 4.1 percent of GDP;
 - 3) National government budget deficit of P1,452.922 Billion or 6.1 percent of GDP;
 - 4) Outstanding national government debt of P14.632 Trillion or a debt-to-GDP ratio of 61.60 percent by end-2023;
 - c. A budget of P5.268 Trillion, which corresponds to 22.2 percent of GDP, is 4.9 percent higher or P244.4 Billion more than the FY 2022 budget of P5.023 Trillion.
 - d. Programmed New Appropriations of P3.671 Trillion, together with the P1.597 Trillion in Automatic Appropriations which is outside the purview of this General Appropriations Bill, will provide for the appropriation cover for the P5.268 Trillion budget.

- Provides the following Sectoral allocation of the budget:
 - a. The social services sector will receive the largest share with P2,070.7 Billion or 39.3 percent of the total FY 2023 budget, investing on human capital development and youth empowerment through education, culture and manpower development, with the implementation of 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 percent with a P1,528.5 Billion allocation to sustain the implementation of the Build, Build, Build Program and to fuel the Build, Better, More program which is essential for the economic transformation and generation of more jobs.
 - c. The general public services sector ranks third in terms of budget allocation with P807.2 Billion or 15.3 percent, while the defense sector ranks last with P250.7 Billion or 4.8 percent of the total budget.
 - d. Debt Burden (interest payments and net lending to be disbursed to creditors) is allotted P611.0 Billion or 11.6 percent of the total budget.

- Distributes the budget by expense class:
 - a. Maintenance and Other Operating Expenses or MOOE comprises the largest share of the FY 2023 budget with P2.042 Trillion or 39 percent. This will mainly fund the implementation of various education, health, and social protection programs of the national government, as well as the operations of line departments and agencies.
 - b. Personnel Services (PS) accounts for the second largest share of the budget with P1.631 Trillion or 31 percent to cover, among others, the requirements for the creation of new positions and filling up of vacant items for key agencies, provisions for compensation benefits including the last tranche for salary increase and additional allowances for military and uniformed personnel (MUP), and for the National Government Rightsizing Program.
 - c. The Capital Outlays and Net Lending will receive an allocation of P1.011 Trillion or 19.2 percent of the proposed budget primarily for the various infrastructure programs, including Build, Better, More.

- d. The Financial Expenses provided primarily for the payment of interest on loans and bank charges amounts to P583.2 Billion or 11.1 percent of the total budget.
- Identifies the distribution of the budget by recipient entity:
 - a. The largest share of the FY 2023 budget amounting to P3,499.0 Billion or 66.4 percent is allocated for the programs, activities and projects being implemented by national government agencies.
 - b. Local Government Units (LGUs) will receive an allocation of P962.234 Billion or 18.3 percent of the total budget. The allocation is P122.138 Billion or 11.3 percent lower than the FY 2022 level of P1,084.372 Billion. The decrease is mainly attributed to the lower revenue collections in FY 2020 due to the pandemic.
 - c. Government Owned and/or Controlled Corporations (GOCCs) are allocated the amount of P224.467 Billion or 4.3 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 are allocated P582.3 Billion or an increase of 13.6 percent over the FY 2022 level.
 - Provides the highest allocation to education and to the following departments as follows:
 - a. Consistent with the constitutional provision where the highest allocation is given to education, the Department of Education (DepEd), State Universities and Colleges (SUCs), Commission on Higher Education (CHED) and the Technical Education and Skills Development Authority (TESDA) are allocated a total budget of P852.8 Billion in FY 2023. This budget shall provide for the implementation of measures to ensure safe face-to-face education, access to quality education and addressing gaps in resources and facilities of schools located in the geographically-isolated and disadvantaged and conflict-affected areas. This also includes Universal Access to Quality Tertiary Education Program and Technical Education and Skills Development Authority programs through promotion of reskilling and upskilling agenda for displaced workers and out-of-school youth.
 - b. Ranked 2nd is the Department of Public Works and Highways (DPWH) with an allocation of P718.4 Billion. The amount is P68.2 Billion lower or 8.7 percent less than the FY 2022 level P786.6 Billion due to non-

recurring capital outlay projects and the devolution of some programs/projects to the local government units with the implementation of the Mandanas-Garcia ruling.

The budget includes P53.940 Billion for the construction of by-passes and diversion roads, P19.766 Billion for the construction of missing road links and new roads, P146.892 Billion for flood management program and P28.770 for bridge program. The convergence and special support program of DPWH with other agencies is allocated P154.506 Billion, which include provisions for the Sustainable Infrastructure Projects Alleviating Gaps (SIPAG) and Basic Infrastructure Program (BIP).

- c. Ranked 3rd is the Department of Health with an allocation of P296.3 Billion which includes the budget of the Philippine Health Insurance Corporation of P100 Billion, an assurance of the government's commitment to make health services available to the people specially the poor. Some P22.9 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. P29.1 Billion is allocated for the purchase of drugs, medicines and vaccines, including medical and dental supplies for distribution to government health care facilities. Medical Assistance to Indigent Patients is allocated P22.4 Billion for hospitalization and assistance to indigent and financially-incapacitated patients.
- d. Ranked 4th is the Department of the Interior and Local Government (DILG) with an allocation of P253.1 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.
- e. The Department of National Defense (DND) ranked 5th with P240.7 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 P197.0 Billion for the continuous implementation of the: (i) Pantawid Pamilyang Pilipino Program (4Ps) – P115.6 Billion; (ii) Social Pension for Indigent Senior Citizens (SocPen) amounting to P25.3 Billion; and (iii) P19.8 Billion for Assistance to Individuals in Crisis Situation.

- g. Ranked 7th is the Department of Transportation (DOTr) with an allocation of P167.1 Billion with an increase of about P91.2 Billion or 120.4 percent higher than the FY 2022 level of P75.8 Billion. The increase will support the implementation of the programs and projects which include transportation infrastructure such as railways and regional airports under the Build, Better, More program, to make the Philippines an investment destination.
 - h. Ranked 8th is the Department of Agriculture (DA) with an allocation of P102.1 Billion budget for FY 2023, with the aim of ensuring food safety and security through sufficient rice supply, expansion of fertilizer support, and commitment to programs that raise farmers' and fisherfolks agricultural productivity. 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, and research and development support. The farm-to-market roads (FMRs) will receive an allocation of P13.1 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 P52.7 Billion. The amount includes P24.3 Billion for the adjudication program of the Judiciary, and some P1.2 Billion for the construction, completion and rehabilitation of Halls of Justice nationwide.
 - j. Ranked 10th is the Department of Justice (DOJ) with P28.2 Billion.
- Provides financing of the National Budget from the following sources:
 - a. The National Government expects revenue collections in FY 2023 to reach P3.633 Trillion, or 15.3 percent of GDP. This is 10 percent higher than the FY 2022 programmed revenue of P3.304 Trillion which is equivalent to 15.2 percent of GDP. The P3.633 Trillion revenue will fund about 69 percent of the P5.268 Trillion programmed disbursements for FY 2023.
 - b. Of the P3.633 Trillion revenue for FY 2023, P3.464 Trillion, or 95 percent will be in the form of taxes while P168 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 P2.670 Trillion, while the rest will be contributed by the Bureau of Customs (BOC) with P765.6 Billion, and other offices with P28.1 Billion.

- c. The government intends to borrow in FY 2023 the amount of about P2.207 Trillion, of which P553.500 Billion will be sourced from foreign creditors while P1,653.5 Billion will be sourced domestically. Of the total borrowings, P1,452.9 Billion will be used to finance the deficit and P124.5 Billion will settle maturing debt obligations. The remaining balance will cover contributions to the bond sinking fund and provide sufficient cushion of cash 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