



REENACTED BUDGET



BACKGROUND INFORMATION

- **The FY 2019 Budget is the first budget to be based on a reenacted FY 2018 budget, in 8 years**
- **The Senate cites time constraints for failing to pass the House of Representatives version of the FY 2019 GAB.**



Section 25 (7), Article VI of the 1987 Constitution:

If by the end of any fiscal year, Congress failed to pass the General Appropriations Bill (GAB) for the ensuing year, the General Appropriations Act (GAA) for the preceding year shall be deemed reenacted and shall remain in force and in effect until the GAB is passed by Congress.



Full Year Reenacted Budgets

FY 2001

FY 2004

FY 2006

Partial Reenacted Budgets

FY 2003 – 3 months

FY 2005 – 4 months

FY 2008 – 3 months

FY 2009 – 3 months



SALIENT PROVISIONS of CL No. 2019-1

OBLIGATIONAL AUTHORITY FOR THE FIRST QUARTER OF FY 2019

*Pending the approval of the FY 2019 General Appropriations Act (GAA), all operating units, i.e., agencies of the national government receiving allotment/Notice of Cash Allocation (NCA) directly from DBM, are **authorized to obligate the amount corresponding to their actual requirements under the regular budget for the first quarter of FY 2019** but not to exceed the following percentages, i.e.:*



SALIENT PROVISIONS of CL No. 2019-1

OBLIGATIONAL AUTHORITY FOR THE 1st QUARTER OF 2019 Charges vs Agency Specific Budget

- 25% of PS using actual salary requirements as of Dec 31 2018 (number of filled positions and salary rate), not to exceed the FY 2019 NEP level
 - × **Exclusions:** PEI, CUA, Mid-Year Bonus, YEB, Built-in funds for creation of new positions
- 25% of MOOE for regular programs and ongoing FAPs/LFP under both the FY 2018 GAA and the FY 2019 NEP, whichever has the lower amount
- 25% of CO (regular CO and capitalized wages and salaries) for regular programs and ongoing FAPs/LFP under both the FY 2018 GAA and the FY 2019 NEP, whichever has the lower amount



SALIENT PROVISIONS of CL No. 2019-1

OBLIGATIONAL AUTHORITY FOR THE FIRST QUARTER OF FY 2019

Chargeable Against Automatic Appropriation

- **Retirement and Life Insurance Premiums (RLIP)** - equivalent to 12% (or the applicable rate otherwise provided under special laws) of the salaries component under item 2.1.1 of this Circular, as well as the corresponding RLIP to the fourth tranche compensation adjustments per E.O. No. 201 and NBC 573



SALIENT PROVISIONS of CL No. 2019-1

- Obligations incurred shall be recorded in the appropriate Registry of Appropriations and Allotments, as **overdraft in allotment**.
- This shall be adjusted once the obligational authority/GAAAO for the purpose is approved.
- The rules and regulations pertinent to recording of these budgetary accounts are prescribed under COA Circular 2013-002 dated January 30, 2013 amending COA Circular 2004-008 dated September 20, 2004, COA Circular 2014-003 dated April 15, 2014 and COA Circular 2015-007 dated October 22, 2015.



SALIENT PROVISIONS of CL 2019-1

Items not covered by the obligational authority requiring SARO/NCA issuance based on the agency's Special Budget Request (SBR).

- Chargeable against Regular Budget, FY 2018 GAA (R.A. 10964 as reenacted): Centrally-managed items (CMI) of departments/agencies;
- Charges against Pension and Gratuity Fund (PGF) R.A. 10964, as reenacted.
 - Actual requirements for retired government employees, i.e., terminal leave benefits and retirement gratuity of optional retirees regardless of retirement laws
 - Actual requirements for pension benefits of AFP retirees, war/military veterans of DND and uniformed personnel of DILG, NAMRIA, PCG and other retirees whose pensions are funded by the national government

The amount of release shall be based on the number of pensioners and rates as of December 31, 2018



SALIENT PROVISIONS of CL 2019-1

Items not covered by the obligational authority requiring SARO/NCA issuance based on the agency's Special Budget Request (SBR)

- Charges against other Special Purpose Funds such as BSGC, MPBF, Contingent Fund, among others
- Chargeable against Automatic Appropriations
 - Special Accounts in the General Fund (SAGF) of agencies. Amount to be released shall be limited to the uncommitted cash balance with the Bureau of the Treasury under the SAGF of the agency concerned.



SALIENT PROVISIONS of CL 2019-1

Items not covered by the obligational authority requiring SARO/NCA issuance without SBR submission.

- Budgetary Support to cover the 1st Quarter of FY 2019 requirements of GOCCs which are fully dependent on NG Assistance/heavily subsidized equivalent to 25% of the subsidy in the FY 2018 GAA (RA No. 10964, as reenacted) or the FY 2019 NEP, *whichever is lower*.
- Chargeable Against Automatic Appropriations
 - Internal Revenue Allotment (IRA) of provinces, cities/municipalities and barangays. Release of SARO shall be corresponding to the January, 2019 requirements based on the FY 2019 NEP.



SALIENT PROVISIONS of CL 2019-1

- ✓ All SAROs to be issued chargeable against the FY 2018 Budget (R.A. 10964 as reenacted) shall be valid for obligation while the FY 2019 GAA is not yet in effect.
- ✓ NCAs shall be issued for the items covered with obligational authority authorized as well as items to be issued SAROs, based on the DBM-evaluated Monthly Disbursement Program (MDP).



SALIENT PROVISIONS of CL 2019-1

Reportorial Requirements

- ✓ For those issued Obligational Authority – submit monthly reports to be used as basis for determining the status of program/project implementation and expenditures incurred under the following issuances:
 - COA-DBM JC No. 2014-1 dated July 2, 2014 (Financial Accountability Report (FAR) No. 4: Monthly Report of Disbursements)
 - DBM Circular Letter No. 2015-9 dated June 30, 2015 (Prescribing the Submission of Summary Performance Monitoring Report)



SALIENT PROVISIONS of CL 2019-1

Reportorial Requirements

- ✓ For those issued SAROs - submit report of any unobligated allotment out of the SAROs released to be used as
 - basis for withdrawal of said excess SAROs charged against the FY 2018 GAA, as reenacted
 - the withdrawn allotment may be re-issued chargeable against the FY 2019 GAA, if necessary

This policy is however, not applicable to allotment releases charged against Automatic Appropriations.



IMPLICATION OF A REENACTED BUDGET

On Personnel Services

- SSL 4 – 4th tranche will be delayed for 1.4 million civilian personnel by one quarter equivalent to P2.6B
- SSL 4 – 2nd tranche will be delayed for military and uniformed personnel by one quarter equivalent to P3.5B
- Pension benefits will not be increased as a result of indexation



IMPLICATION OF A REENACTED BUDGET

Procurement Activities especially for big ticket items will be adversely affected

➤ Ongoing infrastructure projects = P28.4B

DPWH – P16.9B

DOTR – P11.5B

➤ New infrastructure projects = P43.74B

DPWH – P2.04B

DOTR – P29.22B

BSGC-BCDA – P12.48B



IMPLICATION OF A REENACTED BUDGET

- PNP : Capability Enhancement Program – P1.46B
- DND-PA: Activation of the 5th Scout Ranger Battalion and 55th Engineering Brigade (new program in 2019) – P1.67B



IMPLICATION OF REENACTED BUDGET

Delayed Implementation of Social Programs

- DSWD: Social Pension for Indigent Senior Citizens
National Household Targeting System for Poverty Reduction
- Universal Access to Quality Tertiary Education
- National Health Insurance Program for Senior Citizens
- Unconditional Cash Transfer Program under the LBP



IMPLICATION OF A REENACTED BUDGET

Programs that will not be affected or with minimal effect

- BANGSAMORO PLEBISCITE – funding is already provided in FY 2018 GAA
- National and Local Elections – funding for the preparatory activity is already included in FY 2018 GAA



Thank You!!!



Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

PAGBA 2019 1st Quarter Seminar & Meeting
February 13-16, 2019
Crowne Plaza Hotel, Ortigas, Quezon City