

EN BANC

G.R. No. 274778 — AQUILINO PIMENTEL III; ERNESTO OFRACIO; JUNICE LIRZA MELGAR; MARIA CIELO MAGNO; MA. DOMINGA CECILIA B. PADILLA; DANTE B. GATMAYTAN; IBARRA M. GUTIERREZ; SENTRO NG MGA NAGKAKAISA AT PROGRESIBONG MANGGAGAWA; PUBLIC SERVICES LABOR INDEPENDENT CONFEDERATION FOUNDATION, INC.; and PHILIPPINE MEDICAL ASSOCIATION, Petitioners, ATTY. JOSE SONNY MATULA, President of the Federation of Free Workers (FFW-NAGKAISA LABOR COALITION); DANIEL EDRALIN, Secretary General, National Union of Workers in Hotel Restaurant and Allied Industries (NUWHRAIN-NAGKAISA); RENATO MAGTUBO, Chairperson, Partido Manggagawa (PM-NAGKAISA); JULIUS CAINGLET, CHURCH-LABOR CONFERENCE, GRACE A. ESTRADA, President, Pinay Careworkers Transnational (PIN@Y); ALFREDO MARANAN, FFW National Treasurer; JUN RAMIREZ MENDOZA, Union President, Vishay Employees Philippines Union-FFW and National Vice President, FFW; JUDY ANN CHAN MIRANDA, Chairperson, Nagkaisa Women Committee, General Secretary, PM-NAGKAISA; VILMA G. REYES, Union President, Dela Salle Medical and Health Sciences Institute Employees Union-FFW, National Board Member, FFW; RENE L. CAPITO, National President, Alliance of Filipino Workers (AFW); ELIJA R. SAN FERNANDO, National Vice President, National Federation of Labor (NFL); RENE DE MESA TADLE, President of the Council of Teachers and Staff of Colleges and Universities of the Philippines (CoTesCUP); EMERITO C. GONZALES, Union President UST Faculty Union (USTFU); DENNIS GUTIERREZ, Union President, Interphil Laboratories Employees Union-FFW (ILEU-FFW); ROLANDO LIBROJO, Convenor, Kilusang Artikulo 13 (A.13); and ATTY. DANILO ISIDERIO, FFW Legal Center, Petitioners-in-Intervention, v. HOUSE OF REPRESENTATIVES, represented by the Speaker, FERDINAND MARTIN ROMUALDEZ; SENATE OF THE REPUBLIC OF THE PHILIPPINES, represented by Senate President FRANCIS ESCUDERO; DEPARTMENT OF FINANCE SECRETARY RALPH RECTO; EXECUTIVE SECRETARY LUCAS P. BERSAMIN; and PHILIPPINE HEALTH INSURANCE CORPORATION, represented by its President, EMMANUEL R. LEDESMA, JR., Respondents.

G.R. No. 275405 — BAYAN MUNA CHAIRMAN NERI COLMENARES, BAYAN MUNA VICE CHAIRMAN TEODORO A. CASIÑO, BAYAN MUNA EXECUTIVE VICE PRESIDENT CARLOS ISAGANI T. ZARATE, and FORMER BAYAN MUNA REPRESENTATIVE FERDINAND R. GAITE, Petitioners, v. EXECUTIVE SECRETARY LUCAS P. BERSAMIN, SENATE OF THE PHILIPPINES, and THE HOUSE OF REPRESENTATIVES, Respondents.

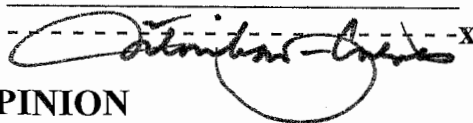


G.R. No. 276233 — 1SAMBAYAN COALITION; MEMBERS OF U.P. LAW CLASS 1975 namely: JOSE P.O. ALILING IV, AUGUSTO H. BACULIO, EDGARDO R. BALBIN, ANTONIO T. CARPIO, RICHARD J. GORDON, OSCAR L. KARAAN, BENJAMIN L. KALAW, LUCAS C. LICERIO, TOMAS N. PRADO, ELIZER A. ODULIO, AURORA A. SANTIAGO, EMILY SIBULO-HAYUDINI, CONRAD D. SORIANO, MERCY PINE, PRUDENCIO B. JALANDONI, NONETTE C. MINA, and JOSE B. TOMIMBANG; FORMER OMBUDSMAN CONCHITA CARPIO MORALES; SENIOR FOR SENIORS ASSOCIATION, INC., represented by MS. CAROL BLANCO BENAVIDES; KIDNEY FOUNDATION OF THE PHILIPPINES, represented by JOSE RAFAEL HERNANDEZ; ATTY. CHRISTOPHER JOHN P. LAO; THE SAN BEDA COLLEGE ALABANG-HUMAN RIGHTS CENTER, namely: GLORIETTE MARIE ABUNDO, ELVIE AMISCOSA, ISABEL FRANCESCA ANUNCIACION, ARAMAIN BALON, CHARMAE ANN MARAVILLA, and RHIANA ISABELLE NAVARRO, Petitioners, v. THE HOUSE OF REPRESENTATIVES, represented by the Speaker, FERDINAND MARTIN ROMUALDEZ; THE SENATE OF THE REPUBLIC OF THE PHILIPPINES, represented by the Senate President, FRANCIS JOSEPH ESCUDERO; DEPARTMENT OF FINANCE SECRETARY RALPH RECTO; EXECUTIVE SECRETARY LUCAS P. BERSAMIN; and PHILIPPINE HEALTH INSURANCE CORPORATION, represented by its President, EMMANUEL R. LEDESMA, JR., Respondents.

Promulgated:

December 3, 2025

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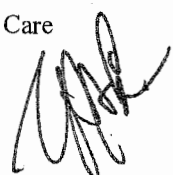
CONCURRING OPINION

CAGUIOA, J.:

I concur in the result.

I thank the *ponencia* for substantially incorporating my interpellations during the oral arguments. Many of the issues I raised, such as the nature of earmarked revenues under Section 29(3), Article VI of the Constitution, the statutory design of Republic Act No. 11223,¹ or the Universal Health Care Act (UHCA), the fact that the so-called “fund balance” was in truth part of PhilHealth’s “reserve funds,” the Department of Finance’s (DOF) departure from the actuarial method required by Section 11 of the UHCA, and the constitutional characterization of earmarked revenues as special funds even if

¹ An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds (2019).



not booked as Special Accounts in the General Fund (SAGF), are reflected in the Court's reasoning.

I also fully agree with the *ponencia* on the following points:

- (1) There is no grave abuse of discretion in certifying House Bill No. 8980 as urgent;
- (2) Special Provision 1(d), Chapter XLIII of the 2024 General Appropriations Act (GAA) is unconstitutional for being a rider. It violates the doctrine of inappropriate provisions embodied in Section 25(2), Article VI of the Constitution, which prohibits provisions in the general appropriations bill that do not relate specifically to some particular appropriation. This includes provisions that amend or repeal other laws because these are matters that are better addressed in a separate legislation.

As the *ponencia* adequately explains, Special Provision 1(d) amended the UHCA by requiring PhilHealth to remit its fund balance to the National Treasury. While respondents argue that the fund balance is comprised of PhilHealth's unutilized government subsidies from 2021 to 2023, these subsidies eventually formed part of PhilHealth's reserve funds—funds that PhilHealth must specifically accumulate and utilize in accordance with Section 11 of the UHCA.

To emphasize, the UHCA prescribes how to manage these reserves, whether to invest, expand PhilHealth's benefits, or decrease members' contributions. Diverting these reserve funds to fund the programs, activities, and projects in the Unprogrammed Appropriations is not only inconsistent with these purposes, but also contravenes the particular design of managing PhilHealth's funds to ensure the sustainability of the public healthcare system. As such, Special Provision 1(d) was correctly struck down for effectively amending Section 11 of the UHCA and consequently, being a rider.

- (3) Special Provision 1(d) is unconstitutional for violating Section 29(3), Article VI of the Constitution.

The texts of the Sin Tax Reform Laws are clear—a portion of the collections *shall* be allocated and used exclusively for PhilHealth or for the implementation of the UHCA. The manner of accounting for these funds, whether as a SAGF or commingled with the rest of the funds in the General Fund, does not negate their character as a special fund under Section 29(3). The *ponencia* thus correctly rules that “the handling of the fund and



its segregation from the general fund is merely an administrative matter that will neither affect nor alter its character.”²

In other words, I concur that sin tax collections explicitly earmarked for PhilHealth and the implementation of the UHCA constitute a special fund, which may be paid out for such purpose only. The reversion of these funds to the National Treasury, by virtue of Special Provision 1(d), is therefore invalid.

Based on the foregoing, DOF Circular No. 003-2024³ and the consequent transfer of the PHP 60 billion fund balance of PhilHealth to the National Treasury are also correctly struck down as **unconstitutional**. I likewise concur in the permanent injunction issued against their further implementation and in the directive that Congress, DOF, and the Office of the Executive Secretary provide in the 2026 GAA for the return of the said amount to PhilHealth, in addition to its regular budgetary appropriation for fiscal year 2026.

I write separately only to underscore that claiming nothing untoward arose from the remittance of PHP 60 billion PhilHealth’s reserve funds to the National Treasury, as raised during the deliberations, entirely misunderstands the core issues of this case. The determination of whether Special Provision 1(d) breached the constitutional parameters for the enactment of a general appropriations law, as well as the statutory parameters in the management of PhilHealth’s funds, does not require actual deprivation of benefits to PhilHealth members. Neither does this question turn on the magnitude by which PhilHealth’s funds were reduced. Rather, the harm lies in the blatant derogation of the Constitution itself, the patent disregard of the explicit mandates for spending PhilHealth’s reserves, and the unlawful diversion of funds actually earmarked for the support of the public healthcare system.

I also expand upon two points which, in my view, merit further analysis: *first*, the GAA functions merely as a release document that operationalizes funds whose source and purpose have already been determined by law, and *second*, Congress exceeded its authority when it increased the Unprogrammed Appropriations proposed by the President.

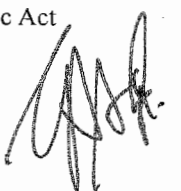
I.

Inclusion in the GAA is merely a release mechanism for PhilHealth’s earmarked funds

The first point I wish to underscore is that the GAA functions merely as a release document for earmarked funds.

² Ponencia, p. 104.

³ Guidelines to Implement Special Provision 1(d), XLIII, Unprogrammed Appropriations of Republic Act No. 11975 entitled the General Appropriations Act for Fiscal Year 2024, February 27, 2024.



As stated in the *ponencia*, sin tax collections, subsequently remitted to PhilHealth in the form of premiums of indirect contributors, are special funds allotted for a specific purpose.⁴ The starting point is Section 29(3), Article VI of the Constitution, which provides:

ARTICLE VI
The Legislative Department

Section 29. . . .

. . . .

(3) All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government. (Emphasis supplied)

There are two basic elements for government funds to be considered a special fund under Section 29(3), Article VI of the Constitution. *First*, the fund is sourced from taxes collected in the exercise of the government's taxing or police power.⁵ *Second*, the taxes are levied for a special purpose. Once both elements are present, the funds acquire a constitutionally protected character as a special fund, and their use is limited to that purpose alone.

The funding for PhilHealth clearly satisfies these requirements.

First, Section 37 of the UHCA identifies the sources of funding for PhilHealth, namely, incremental sin tax collections, a portion of Philippine Amusement and Gaming Corporation's (PAGCOR) income, a percentage of the Philippine Charity Sweepstakes Office (PCSO) Charity Fund, premium contributions, annual appropriations, and government subsidies included in the GAA. *Second*, all these identified streams were intended by Congress to fund and support PhilHealth in the implementation of the UHCA. The earmarks under the Sin Tax Reform Laws, in particular, demonstrate this unmistakable purpose. Republic Act No. 9334⁶ explicitly declared that sin tax collections were "for the purpose of meeting and sustaining the goal of universal coverage of the National Health Insurance Program."⁷ Republic Act No. 10351⁸ reiterated that these taxes "shall be allocated for the universal

⁴ See *ponencia*, p. 94.

⁵ *Osmeña v. Orbos*, 292-A Phil. 848, 855 (1993) [Per C.J. Narvasa, *En Banc*].

⁶ Republic Act No. 9334 (2005), An Act Increasing the Excise Tax Rates Imposed on Alcohol and Tobacco Products, Amending for the Purpose Sections 131, 141, 142, 143, 144, 145 and 288 of the National Internal Revenue Code of 1997, as Amended.

⁷ TAX CODE, sec. 288(C)(1), as amended by Republic Act No. 9334 (2005), sec. 7.

⁸ Republic Act No. 10351 (2013), An Act Restructuring the Excise Tax on Alcohol and Tobacco Products by Amending Sections 141, 142, 143, 144, 145, 8, 131 and 288 of Republic Act No. 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended by Republic Act No. 9334, and for Other Purposes.



health care under the National Health Insurance Program.”⁹ Republic Act No. 11346,¹⁰ as amended by Republic Act No. 11467,¹¹ further clarified that sin tax revenues “shall be allocated and used exclusively [by PhilHealth] for the implementation of the Universal Health Care Act.”¹²

These statutes leave no room for doubt. Funds that flow to PhilHealth from sin tax collections, PAGCOR income, and the portion of PCSO Charity Fund are not discretionary fiscal transfers but statutorily earmarked resources, committed by law for defined purposes—the implementation of the UHCA and the improvement of PhilHealth’s benefit packages.

Section 29(3), Article VI of the Constitution admits of only one exception for the transfer of special funds to the general fund of the national government, which is when the purpose for which a special fund was created has been fulfilled or abandoned. As emphasized in the *ponencia*, the purpose of the UHCA, however, is far from fulfilled or abandoned.¹³ The full implementation of universal health care has yet to be attained and therefore remains very much alive and pressing. The Philippine health system is still undergoing the very reforms that the UHCA envisioned.

The constitutional mandate is therefore clear. As long as the legislative purpose endures, so too must the exclusivity of the funds committed to it. The earmarks in Section 37 of the UHCA continue to be necessary to fulfill the UHCA’s vision. To allow their diversion would be to prematurely extinguish a special purpose that Congress has neither declared abandoned nor accomplished.

It is in this context that I submit that the GAA functions merely as a release document for PhilHealth’s special funds to ensure transparency and accountability but not altering their character as special funds. The GAA, after all, is merely in compliance with the constitutional mandate that no money be paid out of the Treasury except in pursuance of an appropriation made by law.¹⁴ It is thus merely a document that authorizes all releases of public money, but it does not determine the character of each money released. Simply put, the character of public money is determined by special laws, not its

⁹ TAX CODE, sec. 288(C), as amended by Republic Act No. 10351 (2013), sec. 8.

¹⁰ Republic Act No. 11346 (2020), An Act Increasing the Excise Tax on Tobacco Products, Imposing Excise Tax on Heated Tobacco Products and Vapor Products, Increasing the Penalties for Violations of Provisions on Articles Subject to Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection From Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products for Universal Health Care, Amending for This Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 288, and 289, Repealing Section 288(B) and 288(C) and Creating New Sections 263-A, 265-B, and 288-A of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 10963, and for Other Purposes.

¹¹ Republic Act No. 11467 (2020), An Act Amending Sections 109, 141, 142, 143, 144, 147, 152, 263, 263-A, 265, and 288-A, and Adding a New Section 290-A to Republic Act No. 8424, as Amended, Otherwise Known as the National Internal Revenue Code of 1997, and for Other Purposes.

¹² See Section 288(B)(1) and Section 288(D)(1), as amended by Republic Act No. 11346 (2020), sec. 14 and Republic Act No. 11467 (2020), sec. 9.

¹³ See *ponencia*, pp. 105–106.

¹⁴ CONST., art. VI, sec. 29(1).



inclusion in the GAA. This means that PhilHealth's funding allocations under the UHCA are fixed by Sin Tax Reform Laws and merely pass through the GAA. In the same vein, the earmarking of sin tax revenues under Republic Act No. 9334, Republic Act No. 10351, Republic Act No. 11346, and Republic Act No. 11467 constitutes an automatic appropriation in favor of PhilHealth. These laws directly allocated defined portions of excise tax collections to finance the UHCA.

The Office of the Solicitor General (OSG), however, urged the Court to read Sections 10 and 37 of the UHCA as vesting Congress with discretion to determine whether, and to what extent, PhilHealth should receive subsidies from sin tax revenues. According to the OSG, the proviso in Section 10 that subsidies shall be "included annually in the GAA" and the clause in Section 37 that the amounts "shall be appropriated under the DOH and National Government subsidy to PhilHealth" necessarily leave it to Congress to decide how much, if anything, should be provided.¹⁵ These provisions state:

SEC. 10. *Premium Contributions.* — For direct contributors, premium rates shall be in accordance with the following schedule, and monthly income floor and ceiling:

.....

Provided, That for indirect contributors, premium subsidy shall be gradually adjusted and included annually in the General Appropriations Act (GAA): Provided, further, That the funds shall be released to PhilHealth: Provided, furthermore, That the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act: Provided, finally, That for every increase in the rate of contribution of direct contributors and premium subsidy of indirect contributors, PhilHealth shall provide for a corresponding increase in benefits.

.....

¹⁵ TSN, Oral Arguments, April 2, 2025, pp. 12–13:

ASSOCIATE JUSTICE CAGUIOA:

That's right. You have, however, taken the position that Article VI, Section 29(3) of the Constitution there on the screen does not apply because of three main reasons. And let me show you what I understand to be your three main reasons.

So, first will be Section 44, Chapter 5, Book IV of EO 292, which provides that all income shall accrue to the general fund and I quote, "unless otherwise specifically provided by law." The second ground, is Section 10 of the Universal Health Care Act, which provides that, and I quote, and it is highlighted in the screen, "for indirect contributors, premium subsidy shall be gradually adjusted and included annually in the GAA", and that I quote again, "the DOH, in coordination with PhilHealth may request Congress to appropriate supplemental funding to meet targeted milestones." Correct?

SOLICITOR GENERAL GUEVARRA:

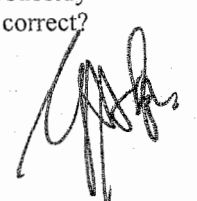
Yes, Your Honor.

ASSOCIATE JUSTICE CAGUIOA:

That's the second ground. The third ground will be Section 37 that you just mentioned, which provides that, it's there on the screen, "The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH and National Government subsidy to PhilHealth." Those are the three main arguments I've discerned from your submissions. Am I correct?

SOLICITOR GENERAL GUEVARRA:

Yes, Your Honor.



SEC. 37. *Appropriations.* — The amount necessary to implement this Act shall be sourced from the following:

.....

The amount necessary to implement the provisions of this Act shall be included in the GAA and shall be appropriated under the DOH and National Government subsidy to PhilHealth. In addition, the DOH, in coordination with PhilHealth, may request Congress to appropriate supplemental funding to meet targeted milestones of this Act. (Emphasis supplied)

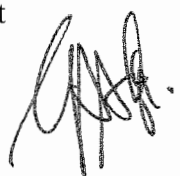
I cannot agree with this interpretation. Read in isolation, these provisions may at first blush appear to support the OSG's claim that Congress retains discretion over the amount to be appropriated to PhilHealth. However, when harmonized with the relevant provisions of the Sin Tax Reform Laws and the Constitution, their meaning becomes clear: the sin tax collections remain exclusively earmarked for the specific purpose of funding the UHCA. As will be discussed in more detail below, their passage through the GAA serves only to ensure the orderly release of funds, since the process requires verification of actual collections and computation of the proper percentage allocation for PhilHealth. To adopt the OSG's view would be to obliterate the earmarking clauses of the Sin Tax Reform Laws and the design of the UHCA, and more importantly, to render inutile the Constitution's own command in Section 29(3), Article VI.

The UHCA deliberately structured PhilHealth's financing so that universal coverage goals are achieved as soon as possible. Section 11 of the UHCA requires PhilHealth to maintain a reserve fund equivalent to not more than two years of actuarially estimated projected program expenditures. Once this ceiling is reached, the law commands that any excess must be used to improve benefits and reduce contributions.

Section 11 of the UHCA provides:

SEC. 11. *Program Reserve Funds.* — PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: *Provided*, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures: *Provided, further*, That whenever actual reserves exceed the required ceiling at the end of the fiscal year, **the excess of the PhilHealth reserve fund shall be used to increase the Program's benefits and to decrease the amount of members' contributions.**

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund. (Emphasis supplied)



The reserve fund mechanism in Section 11 is deliberate fiscal design to trigger the early realization of the UHCA's goals under Section 6, which are the following: (a) immediate eligibility and access to preventive, promotive, curative, rehabilitative, and palliative care for medical, dental, mental, and emergency health services; (b) implementation of a comprehensive outpatient benefit, including outpatient drug benefit and emergency medical services, within two years from the law's effectivity; (c) establishment of a primary care-based delivery system to ensure continuity and coordination of treatment; and (d) registration of every Filipino to a primary care provider.¹⁶

Hence, PhilHealth must reach its actuarially computed reserve ceiling as soon as possible, so that the statutory mandate to expand benefits and reduce contributions may be triggered, all without compromising its financial stability or jeopardizing its status as a going concern. This explains why earmarked funds for PhilHealth are impressed with a constitutional and statutory purpose that Congress cannot defeat by withholding or diminishing appropriations, much less by demanding PhilHealth to return a portion of its reserve funds to the National Treasury.

Sections 10 and 37 must therefore be construed in light of Section 11 of the UHCA, the Sin Tax Reform Laws, and Section 29(3), Article VI of the Constitution. Read together, these provisions confirm that the inclusion of PhilHealth's funds in the GAA is a procedural requirement to govern their release, not a substantive grant of discretion on the part of Congress. To construe otherwise, as the OSG suggests, would allow Congress to defeat the very goals of the UHCA by starving PhilHealth of the funds that the laws have already set aside for it. Nothing in Sections 10 and 37 of the UHCA grants Congress the power to alter the quantum of funds that the substantive laws have already earmarked for PhilHealth. This interpretation is faithful to the canon of statutory construction that statutes *in pari materia* be construed together. In *Philippine International Trading Corporation v. Commission on Audit*,¹⁷ the Court explained:

[T]he best method of interpretation is that which makes laws consistent with other laws which are to be harmonized rather than having one considered repealed in favor of the other. Time and again, it has been held that every statute must be so interpreted and brought in accord with other laws as to form a uniform system of jurisprudence — *interpretere et concordare legibus est optimus interpretendi*. Thus, if diverse statutes relate to the same thing, they ought to be taken into consideration in construing any one of them, as it is an established rule of law that all acts in *pari materia* are to be taken together, as if they were one law.¹⁸ (Emphasis supplied)

¹⁶ Republic Act No. 11223 (2019), sec. 6.

¹⁷ 635 Phil. 447 (2010) [Per J. Perez, *En Banc*].

¹⁸ *Id.* at 458.

The flow of money confirms this design. Again, under the Sin Tax Reform Laws, a specified portion of incremental revenues from excise taxes is allocated to PhilHealth for the implementation of the UHCA. Pursuant to Section 288-A of the National Internal Revenue Code of 1997, as amended by Section 9 of Republic Act No. 11467, these allocations are based on the collections of the second fiscal year preceding the current fiscal year.

In accordance with Joint Circular No. 1, s. 2022,¹⁹ the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) certify the total excise tax collections from alcohol, tobacco, and other sin products. These certifications are transmitted to the Department of Budget and Management (DBM), which computes the allocations for health.²⁰ In addition, PAGCOR remits 50% of the national government share of its gaming revenues to the Bureau of the Treasury (BTr),²¹ while PCSO remits 40% of its Charity Fund, net of documentary stamp tax payments and mandatory contributions, to BTr.²²

Joint Circular No. 1, s. 2022, further provides that DOF and its attached agencies are required to issue to DBM, DOH, and PhilHealth the relevant certifications, including annual certifications from BIR and BOC of actual excise tax collections and BTr's quarterly certifications of PAGCOR and PCSO remittances.²³

At that point, the amounts due to PhilHealth are already fixed by law and verified by certification. What remains is the act of including them in the GAA to ensure compliance with the constitutional requirement that no money shall be paid out of the Treasury except in pursuance of an appropriation made by law.²⁴ That they are later reflected in the GAA does not alter their character as special funds already earmarked by statute.

Again, it is in this light that the role of the GAA must be understood. The requirement in Sections 10 and 37 of the UHCA that subsidies be "included in the GAA" and "appropriated under the DOH and the National Government subsidy to PhilHealth" cannot be read as vesting Congress with discretion to diminish or withhold earmarked funds. The inclusion of these amounts in the GAA is a procedural step to trigger their release from BTr, once the BIR and BOC have certified actual collections and DBM has computed the proper allocations. If funding is subject to yearly legislative whim, the statutory design of PhilHealth financing collapses.

¹⁹ Guidelines on the Operationalization of the Allocations/Appropriations for Republic Act No. 11223, Otherwise Known as the "Universal Health Care Act," DBM-DOF-DOH-PAGCOR-PCSO-PhilHealth May 30, 2022.

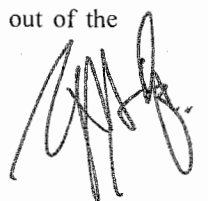
²⁰ Joint Circular No. 1, s. 2022, sec. 5.1.1.

²¹ Joint Circular No. 1, s. 2022, sec. 5.1.2.

²² Joint Circular No. 1, s. 2022, sec. 5.1.3.

²³ Joint Circular No. 1, s. 2022, sec. 5.1.6.

²⁴ CONST., art. VI, sec. 29(1), Section 29(1), reads: "SEC. 29. (1) No money shall be paid out of the Treasury except in pursuance of an appropriation made by law."



Indeed, both Sections 10 and 37 of the UHCA employ the mandatory formulation “shall be included” in the GAA and “shall be appropriated” under DOH and National Government subsidy to PhilHealth. The use of the term “shall” ordinarily connotes an imperative²⁵ and underscores a duty on Congress to reflect these amounts in the GAA. The fact that the statute employed mandatory language requiring inclusion in the GAA shows that no such discretion on the part of Congress was contemplated.

If Congress truly intended to retain discretion over the amounts to be allocated to PhilHealth, it could have explicitly said so in the UHCA. Instead, Section 37 carefully enumerates the specific funding sources and then commands their inclusion in the GAA. This syntax demonstrates that the UHCA already makes the fiscal allocation, and the GAA serves only to reflect and operationalize it for purposes of release of funds.

The record of the oral arguments illustrates the danger of giving Congress discretion to determine the amounts to be appropriated for PhilHealth in the GAA. The 2024 Sin Tax Annual Report,²⁶ which details the specific allocation of the 2022 excise tax collections earmarked for health in 2024, showed that PHP 79 billion was set aside for PhilHealth out of total health allocations. Yet, only PHP 40.2 billion subsidy for the National Health Insurance Program was reflected in the 2024 GAA. This meant that almost half of the earmarked collections never reached PhilHealth. This shortfall is precisely what results when earmarks are made subject to congressional discretion under the guise of annual appropriation. On this point, it must be emphasized that there should be no need for a budget call to PhilHealth on the subsidies, since the amounts are already fixed by law, and all collections earmarked for PhilHealth must be transmitted in full, without deduction.

As this Court has long held, an appropriation in a GAA cannot be used to amend substantive law. In *Philippine Constitution Association v. Enriquez*,²⁷ the Court explained that included in the category of “inappropriate provisions” are provisions which are intended to amend other laws, because clearly these kinds of laws have no place in an appropriations bill.²⁸ Here, to interpret Sections 10 and 37 of the UHCA as giving Congress discretion to nullify earmarks through the GAA would be to authorize, indirectly, the very act the Court prohibits.

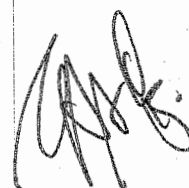
In synthesis, the amounts due to PhilHealth, which are fixed by law, merely pass through the GAA for purposes of release and accountability. PhilHealth should always receive the funds earmarked by law. The GAA only operationalizes these statutory earmarks, but it cannot amend the substantive

²⁵ See *Gachon v. Devera, Jr.*, 340 Phil. 647, 656 (1997) [Per J. Panganiban, Third Division].

²⁶ 2024 Sin Tax Annual Report of the DOH, available at <https://drive.google.com/file/d/1eeaOBNzTyoA9ayTLMGJGrhPsSBgI3Ylf/view> (last accessed on November 10, 2025).

²⁷ 305 Phil. 546 (1994) [Per J. Quiason, *En Banc*].

²⁸ *Id.* at 577.



laws by giving PhilHealth less than what is actually due. The inclusion of these funds in the GAA exists not to reopen the question of allocation, but only to comply with the constitutional directive that no money shall be paid out of the Treasury except in pursuance of an appropriation made by law. In this sense, the GAA functions merely as a trigger that operationalizes what substantive law has already decided.

Having established that the earmarked funds for PhilHealth and its implementation of the UHCA should be directly released *via* the GAA akin to Automatic Appropriations, I now turn to discuss the context that brought about Special Provision 1(d)—the increase of the Unprogrammed Appropriations in the 2024 GAA.

II.

Congress exceeded its authority when it increased the Unprogrammed Appropriations proposed by the President from PHP 281.91 billion to PHP 731.45 billion

The separation of powers among the three branches of government allocates the power of appropriation to Congress. More commonly referred to as the *power of the purse*, Section 29(1), Article VI of the Constitution provides that only Congress can authorize disbursements of public funds through an appropriation made by law.

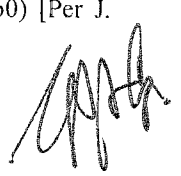
This power, however, is not without explicit and implicit limitations. Among the implicit limitations is that all appropriations of public money must be for a public purpose, and if public money be appropriated for a private purpose, it is unconstitutional.²⁹ On the other hand, there are several provisions in Article VI of the Constitution which explicitly limit Congress's power of the purse.³⁰ Of particular importance in this case is the imposition of a budget ceiling, which restricts the total amount of money that Congress may appropriate:

SECTION 25. (1) The Congress may not increase the appropriations recommended by the President for the operation of the Government as specified in the budget. The form, content, and manner of preparation of the budget shall be prescribed by law. (Emphasis supplied)

Section 25(1) is supplemented by Section 25(4) of Article VI which provides that if an appropriation is in a special, not the general, appropriations law, it "shall be supported by funds actually available as certified by the

²⁹ See *Pascual v. Secretary of Public Works and Communications*, 110 Phil. 331, 340 (1960) [Per J. Concepcion, *En Banc*].

³⁰ See CONST., art. VI, secs. 24 and 25.



National Treasurer, or to be raised by a corresponding revenue proposed therein.” These two provisions ensure that in exercising the power of the purse, Congress does not drive the country into deficits of unmanageable levels.

Given that the text of Section 25(1) restricts Congress’s power of the purse by proscribing the increase of the budget recommended by the President, this begs the question—does the budget ceiling apply only to the President’s recommended Programmed Appropriations, or does it cover the total appropriations? This issue is material to this case because Special Provision 1(d), the validity of which is at the core of the present controversy, was the necessary consequence of the congressional increase in the recommended Unprogrammed Appropriations of the President. Without such increase, it would not have been imperative for Congress to use the fund balance of government-owned and -controlled corporations as an additional funding source to cover the programs, projects, and activities that were added to the proposed Unprogrammed Appropriations.³¹

On this question, I submit that the restriction is applicable to the total recommended appropriations of the President.

A plain reading of Section 25(1), Article VI of the Constitution reveals that there is no distinction as to the type of appropriations that Congress may not increase. This provision explicitly bars Congress from increasing the recommended “appropriations . . . for the operation of the Government as specified in the budget.”

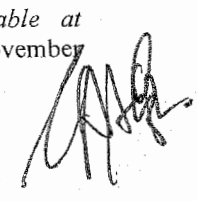
To be sure, Section 1 of the General Provisions of the National Expenditure Program for Fiscal Year 2024 (2024 NEP) reads:

Sec. 1. Appropriation of Funds. The amount of Four Trillion Three Hundred One Billion Six Hundred Seventy Six Million Two Hundred Forty Eight Thousand Pesos (P4,301,676,248,000) is hereby appropriated out of any funds in the National Treasury of the Philippines not otherwise appropriated, **for the operation of the Government of the Republic of the Philippines** from January One to December Thirty One, Two Thousand and Twenty Four, except where otherwise specifically provided herein[.]³² (Emphasis supplied)

From the foregoing, it is clear that the total appropriations recommended by the President for the operation of the government for calendar year 2024 is PHP 4.301 trillion. Under the *Summary of Obligations*

³¹ See Final Memorandum of Amicus Curiae Zy-za Nadine N. Suzara dated May 3, 2025, p. 1.

³² FY 2024 National Expenditure Program, Introduction and General Provisions, available at <https://www.dbm.gov.ph/wp-content/uploads/NEP2024/Introduction.pdf> (last accessed on November 10, 2025).



and Proposed New Appropriations, by Department/Agency/Fund provided in the 2024 NEP, the PHP 4.301 trillion is broken down, as follows:

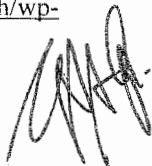
Department/Agency/Fund	2024 (Proposed) (In Thousand Pesos)
Programmed Appropriations	
Departments	3,286,531,019
Budgetary Support to Government Corporations	183,975,580
Allocations to Local Government Units	66,320,338
Calamity Fund	31,000,000
Contingent Fund	13,000,000
Miscellaneous Personnel Benefits Fund	135,734,429
Pension and Gratuity Fund	253,206,826
Revised AFP Modernization Program	50,000,000
Unprogrammed Appropriations	281,908,056
Total	4,301,676,248³³

Thus, it is evident from the table above that the appropriations recommended by the President for the operation of the government for FY 2024 comprise of both Programmed and Unprogrammed Appropriations. Accordingly, any increase in total Unprogrammed Appropriations, without a corresponding decrease in the Programmed Appropriations, would necessarily result in an increase of the total appropriations recommended by the President for the operation of the government—the act precisely prohibited under Section 25(1), Article VI of the Constitution.

As one vested with executive power, the President is likewise entrusted with the authority to recommend appropriations for the operation of the government. Congress cannot, under the guise of exercising its power of the purse, dictate that only Programmed Appropriations should comprise the recommended appropriations, and that consequently, only the total Programmed Appropriations may not be increased by Congress, when the President has expressly included the Unprogrammed Appropriations. To allow Congress to do so would not only violate the principle of separation of powers, but would also undermine the realization of the country’s economic goals and the effective implementation of the government’s policies and development priorities.

But aside from an examination of what comprises the appropriations recommended by the President for the operation of the government, the resolution of this issue hinges on what constitutes the “budget” referred to in this provision. In this regard, reference should be made to Section 22, Article VII of the Constitution, requiring the President to submit to Congress “a budget of expenditures and sources of financing, including receipts from

³³ FY 2024 National Expenditure Program, Detailed Annexes, available at <https://www.dbm.gov.ph/wp-content/uploads/NEP2024/Detailed-Annexes.pdf> (last accessed on November 10, 2025).



existing and proposed revenue measures”, which serves as basis for the general appropriations bill. This constitutional requirement is operationalized in Chapter 3, Book VI (National Government Budgeting) of the Administrative Code of 1987 (Administrative Code).

Section 12 of the National Government Budgeting provisions in the Administrative Code particularly states that the President’s budget proposal must include current operating expenditures and capital outlays, provide for the operation of the programs, activities, and projects (PAPs) of the various departments and agencies, and be accompanied by the proposed GAA and other Appropriations Act to cover the budget proposals.³⁴

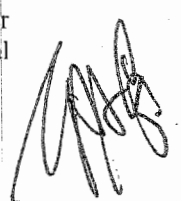
In line with the provisions of the Administrative Code, the Executive, during the budget preparation phase, consolidates the budget proposals of the various departments and agencies. The consolidation of the proposals is primarily accomplished by DBM, in coordination with DOF and the Department of Economy, Planning, and Development (formerly, the National Economic and Development Authority). These agencies ensure that the allocations are aligned with the priority policies and development plan of the administration.

³⁴ ADMINISTRATIVE CODE of 1987, Book VI, Chapter 3, sec. 12, reads:

SECTION 12. *Form and Content of the Budget.* — The budget proposal of the President shall include current operating expenditures and capital outlays. It shall comprise such funds as may be necessary for the operation of the programs, projects and activities of the various departments and agencies. The proposed General Appropriations Act and other Appropriations Acts necessary to cover the budget proposals shall be submitted to the Congress to accompany the President’s budget submission.

The budget shall be presented to the Congress in such form and content as may be approved by the President and may include the following:

- (1) A budget message setting forth in brief the government’s budgetary thrusts for the budget year, including their impact on development goals, monetary and fiscal objectives, and generally on the implications of the revenue, expenditure and debt proposals; and
- (2) Summary financial statements setting forth:
 - (a) Estimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from operating revenues and from domestic and foreign borrowings;
 - (b) Estimated receipts during the ensuing fiscal year under laws existing at the time the budget is transmitted and under the revenue proposals, if any, forming part of the year’s financing program;
 - (c) Actual appropriations, expenditures, and receipts during the last completed fiscal year;
 - (d) Estimated expenditures and receipts and actual or proposed appropriations during the fiscal year in progress;
 - (e) Statements of the condition of the National Treasury at the end of the last completed fiscal year, the estimated condition of the Treasury at the end of the fiscal year in progress and the estimated condition of the Treasury at the end of the ensuing fiscal year, taking into account the adoption of financial proposals contained in the budget and showing, at the same time, the unencumbered and unobligated cash resources;
 - (f) Essential facts regarding the bonded and other long-term obligations and indebtedness of the Government, both domestic and foreign, including identification of recipients of loan proceeds; and
 - (g) Such other financial statements and data as are deemed necessary or desirable in order to make known in reasonable detail the financial condition of the government.



The discussion in *Araullo v. Aquino III*³⁵ (*Araullo*) highlights the exhaustive procedure in the Executive's preparation of the budget, prior to its submission to Congress:

The budget preparation phase is commenced through the issuance of a **Budget Call** by the DBM. The **Budget Call** contains budget parameters earlier set by the Development Budget Coordination Committee (DBCC) as well as policy guidelines and procedures to aid government agencies in the preparation and submission of their budget proposals. The **Budget Call** is of two kinds, namely: (1) a **National Budget Call**, which is addressed to all agencies, including state universities and colleges; and (2) a **Corporate Budget Call**, which is addressed to all government-owned and -controlled corporations (GOCCs) and government financial institutions (GFIs).

Following the issuance of the **Budget Call**, the various departments and agencies submit their respective **Agency Budget Proposals** to the DBM. To boost citizen participation, the current administration has tasked the various departments and agencies to partner with civil society organizations and other citizen-stakeholders in the preparation of the **Agency Budget Proposals**, which proposals are then presented before a technical panel of the DBM in scheduled budget hearings wherein the various departments and agencies are given the opportunity to defend their budget proposals. [The] DBM bureaus thereafter review the **Agency Budget Proposals** and come up with recommendations for the Executive Review Board, comprised by the DBM Secretary and the DBM's senior officials. The discussions of the Executive Review Board cover the prioritization of programs and their corresponding support *vis-à-vis* the priority agenda of the National Government, and their implementation.

The DBM next consolidates the recommended agency budgets into the **National Expenditure Program (NEP)** and a **Budget of Expenditures and Sources of Financing (BESF)**. The NEP provides the details of spending for each department and agency by **program, activity or project (PAP)**, and is submitted in the form of a proposed GAA. The **Details of Selected Programs and Projects** is the more detailed disaggregation of key PAPs in the NEP, especially those in line with the National Government's development plan. The **Staffing Summary** provides the staffing complement of each department and agency, including the number of positions and amounts allocated.

The NEP and BESF are thereafter presented by the DBM and the DBCC to the President and the Cabinet for further refinements or re-prioritization. Once the NEP and the BESF are approved by the President and the Cabinet, the DBM prepares the budget documents for submission to Congress. The budget documents consist of: (1) the **President's Budget Message**, through which the President explains the policy framework and budget priorities; (2) the **BESF**, mandated by Section 22, Article VII of the Constitution, which contains the macroeconomic assumptions, public sector context, breakdown of the expenditures and funding sources for the fiscal year and the two previous years; and (3) the NEP.³⁶ (Emphasis in the original)

³⁵ 737 Phil. 457 (2014) [Per J. Bersamin, *En Banc*].

³⁶ *Id.* at 542–543.



In sum, the budget preparation phase of the budget cycle concludes with the submission of all these documents—the President’s Budget Message, the Budget of Expenditures and Sources of Financing (BESF), and the National Expenditure Program (NEP)—to Congress:

The Budget Message explains the policy and development goals of the proposed budget and sets forth the priorities of the current administration. Details on the priorities for government spending are in the BESF and the NEP.

The BESF provides a high-level overview of the expenditure program. Since it contains the macroeconomic assumptions and the projected revenue and collections, the BESF informs the preparation of the budget by setting the ceiling for government spending. The NEP, in contrast with the BESF, itemizes the appropriations according to the department or agency, and according to each PAP and expense class.³⁷

Based on the foregoing, neither the BESF nor the NEP, by themselves, present the entire budget for the operation of the government. If the President were to submit only the BESF, Congress would have to propose their own appropriation for every PAP of the various departments and agencies. In the same vein, without the BESF, the proposed budgetary allocations in the NEP would be devoid of context, there being no information on the government’s priority development plan, and fiscal and expenditure program.³⁸

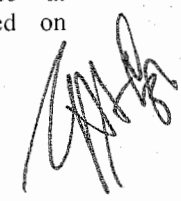
To emphasize, the NEP contains the line-item appropriations proposed by the President. It is presented in the form of an appropriations bill,³⁹ which in turn becomes the GAA, following Section 23, Chapter 4, Book VI of the Administrative Code:

SECTION 23. *Content of the General Appropriations Act.* — The General Appropriations Act shall be presented in the form of **budgetary programs and projects for each agency of the government, with the corresponding appropriations for each program and project, including statutory provisions of specific agency or general applicability.** The General Appropriations Act shall not contain any itemization of personal services, which shall be prepared by the Secretary after enactment of the

³⁷ An expense class refers to the category of expenditure, which may be Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Financial Expenses, and Capital Outlays (CO). See *Araullo v. Aquino III*, 752 Phil. 716 (2015) [Per J. Bersamin, *En Banc*].

³⁸ “The fiscal program includes the aggregate level of revenues from both tax and non-tax revenues, disbursements (or expenditures), and financing level that is needed to plug the budget deficit. Based on the fiscal program, the DBCC advises the President on the appropriate level of the government’s expenditure program, including the spending ceilings for economic and social development, national defense, general administration, and debt servicing.” Brief of *Amicus Curiae* Zyzza Nadine N. Suzara dated January 23, 2024, pp. 2–3; See also Robert M. Sanders, Jr., *Unprogrammed Appropriations, the Budget Ceiling, and the Accountability Constitution*, 98 Phil. L.J. 1, 52 (2024).

³⁹ “National Expenditure Program (NEP),” Department of Budget and Management, Budget of Expenditures and Sources of Financing FY 2024, Glossary of Terms, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on November 10, 2025).



General Appropriations Act, for consideration and approval of the President. (Emphasis supplied)

Verily, the prohibition in Section 25(1), Article VI of the Constitution is not confined to the BESF. This reading disregards the text of the Constitution and the function of the NEP in the budget cycle. When the Constitution prohibits the increase of the recommended appropriations of the President “as specified in the budget,” the only reasonable and logical conclusion is that the “budget” refers to both the NEP and the BESF. Thus, when Congress added PHP 449.54 billion to the recommended Unprogrammed Appropriations of the President—thereby increasing the total Unprogrammed Appropriations from the proposed PHP 281.91 billion to PHP 731.45 billion—Congress exceeded its authority by increasing the budget proposed by the President.

Section 25(1), Article VI not only circumscribes Congress’s power of the purse, but underscores the significance of the Executive’s role during the budget preparation phase. At the risk of being repetitive, the budget preparation phase is a highly technical phase of the budget cycle, as it is during this period that the Executive decides the budgetary priorities and activities, not only on the basis of available resources, such as its human resources and absorptive capacity, but more importantly, based on available and projected revenues.⁴⁰ The national budget proposed by the President to Congress is therefore “the translation of desired priorities and activities into expenditure levels.”⁴¹

As the Court held in *Araullo*:

Policy is always a part of every budget and fiscal decision of any Administration. **The national budget the Executive prepares and presents to Congress represents the Administration’s “blueprint for public policy” and reflects the Government’s goals and strategies.** As such, the national budget becomes a tangible representation of the programs of the Government in monetary terms, specifying therein the PAPs and services for which specific amounts of public funds are proposed and allocated. Embodied in every national budget is government spending.⁴² (Emphasis supplied)

⁴⁰ See ADMINISTRATIVE CODE OF 1987, Book VI, Chapter 2, sec. 4, which provides:

SECTION 4. *Planning and Budgeting Linkage.* — The budget shall be formulated as an instrument for the attainment of national development goals and as part of the planning-programming-budgeting continuum. Levels of revenue, expenditure and debt shall be established in relation to macro-economic targets of growth, employment levels, and price level change, and shall be developed consistent with domestic and foreign debt, domestic credit and balance of payments objectives for the budget period. The aggregate magnitudes of the budget shall be determined in close consultation among the planning and fiscal agencies of government. Budgetary priorities shall be those specified in the approved national plans, keeping in mind the capability and performance of the implementing agencies concerned. Agency budget proposals shall explicitly state linkage to approved agency plans.

⁴¹ *Guingona, Jr. v. Carague*, 273 Phil. 443, 460 (1991) [Per J. Gancayco, *En Banc*].

⁴² *Araullo v. Aquino III*, *supra* note 35, at 552–553.



Stated simply and by way of illustration, if the President proposes to allocate a budget of PHP 10 million for the construction of primary schools and did not propose a budget for the creation of bicycle lanes in major thoroughfares—or did so, but only as an item under Unprogrammed Appropriations—it may be reasonably inferred that the government is prioritizing early education over active transport issues. Following Section 25(1), Article VI, Congress cannot increase the appropriations for bike lanes to PHP 11 million because this effectively overrides the priorities and development goals that the Executive, after much study and deliberation, planned to implement through the proposed budget.

To this end, I emphasize that government budgeting goes far beyond mere allocation of available funds. The national budget is not a product of simple arithmetic computation, but an outcome of carefully set macroeconomic parameters and assumptions, informed policy choices, and prioritization of economic and development goals. To achieve these macroeconomic targets and to realize these goals and priorities, it is therefore crucial for Congress to adhere, as closely as possible, to the budget proposed by the President.

Thus, the importance of the constitutional prohibition against Congress increasing the appropriations recommended by the President for the operation of the government cannot be underscored enough. Such a limitation ensures that the President can exercise effective control over the total government disbursements, and guarantees that, regardless of the plenary power of the purse, the appropriations law remains consistent with and faithful to the policies and priorities of the government, as determined by the Executive.

III.

In the context of the present case, it must be underscored that Congress did not only increase the appropriations recommended by the President by PHP 449.54 billion. Various PAPs originally included in the Programmed Appropriations in the NEP were moved to Unprogrammed Appropriations upon the enactment of the 2024 GAA. This created fiscal space—the available funding that the government may use for priority programs⁴³—which allowed the members of Congress to insert new programs worth PHP 449.54 billion in the Programmed Appropriations for ready implementation.⁴⁴

Congress, in essence, increased the Unprogrammed Appropriations in the 2024 GAA by: *one*, defunding of priority PAPs that were originally in the Programmed Appropriations of the NEP; *two*, reallocating the funds meant for these PAPs to new programs inserted during the budget authorization

⁴³ “Fiscal Space” Department of Budget and Management, Budget of Expenditures and Sources of Financing FY 2024, Glossary of Terms, available at <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2024/GLOSSARY.pdf> (last accessed on November 10, 2025).

⁴⁴ See Brief of *Amicus Curiae* Zy-Za Nadine N. Suzara dated January 23, 2024, pp. 5–6.



phase; and *three*, placing the defunded PAPs back in the budget under Unprogrammed Appropriations.

Thus, to my mind, the increase in the Unprogrammed Appropriations was a deliberate maneuver to circumvent the prohibition against increasing the proposed appropriations of the President. By doing so, Congress grossly undermined the development goals and policy priorities of the Executive, as embodied in the BESF and the NEP.

In sum, I respectfully submit that moving PAPs from Programmed to Unprogrammed Appropriations, and the insertion of new PAPs in the Programmed Appropriations, violate the principle of separation of powers based on the following grounds:

First, Congress encroached on the budget preparation phase, by arrogating unto itself the function of prioritization of programs for the implementation of the Executive *vis-à-vis* the allocation of available funds.

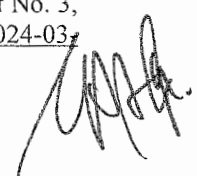
It should be underscored that the fundamental distinction between Programmed and Unprogrammed Appropriations is the funding source of the PAPs and its impact on the fiscal program and priority plan of the President.

By its very nature, the implementation of PAPs in Unprogrammed Appropriations is contingent on the conditions set in the GAA, which is often the occurrence of windfall revenue or approval of foreign loans. In this case, the transfer and replacement of PAPs under the Programmed Appropriations of the 2024 NEP to the Unprogrammed Appropriations under the 2024 GAA essentially means the delayed implementation of these programs. Congress therefore effectively disregarded the President's priority infrastructure and socioeconomic programs under the NEP.

It also bears noting that the proposed Unprogrammed Appropriations in the 2024 NEP constituted 4.7% of the total national budget.⁴⁵ This amount of standby appropriations was presumably set at this level based on the projections on revenues and collections, the borrowing capacity of the government for the next three years, and the impact on the fiscal deficit.⁴⁶ Thus, by increasing the amount of

⁴⁵ Final Memorandum of *Amicus Curiae* Zy-za Nadine N. Suzara dated May 3, 2025, p. 3.

⁴⁶ *N.B.* In the Congressional Policy and Budget Research Department's Report entitled "Dimensions of the Proposed National Budget for FY 2025," it was noted that "[h]igher levels of unprogrammed appropriations that cannot be supported by excess/new revenues would have to be funded by additional borrowings—thereby, contributing to the increase in deficit and national debt levels." [Pamela Diaz-Manalo, et al., *Dimensions of the Proposed National Budget for FY 2025*, CPBRD Budget Brief No. 3, p. 4 (2024), available at <https://cpbrd.congress.gov.ph/wp-content/uploads/2024/09/BB2024-03>]



Unprogrammed Appropriations to 12.7%⁴⁷ of the total national budget, Congress also substituted its own judgment for the President's economic managers, essentially intruding into the Executive's domain of budget preparation.

Second, Congress exceeded its power to appropriate when it increased the total appropriations by inserting new PAPs.

The text of Section 25(1) itself is clear. Congress may not increase the "appropriations" recommended by the President, without any distinction as to the nature or type of appropriation. There being no distinction drawn in the Constitution between Programmed or Unprogrammed Appropriations, the Court should not make one. A contrary interpretation renders the constitutional proscription meaningless, as this gives Congress unbridled discretion to increase the budget proposed by the President, as long as the increase is in the Unprogrammed Appropriations. In an extreme scenario, this practically licenses Congress to discard the entire NEP and BESF, make its own economic assumptions, and determine the appropriate budget ceiling for the operation of the government.

This is not to say that Congress is merely a rubber stamp to the budget proposals of the President. Instead, what this means is that the discretion of Congress in relation to the power of the purse is whether to fund a project proposed by the President or not. Thus, in the budget authorization phase, the lens by which Congress should examine the budget proposal is to ensure that the proposed programs are aligned with the stated priorities, that the government's finite resources are devoted to the implementation of these priorities, and that the proposed budget is fiscally sound and responsible.⁴⁸

As stated earlier, the GAA is essentially a document *authorizing* the release of public money. The GAA is a check-and-balance mechanism—an assurance that a co-equal branch has scrutinized the President's proposal

Dimensions-of-the-Proposed-National-Budget-for-FY2025-final.pdf (last accessed on November 10, 2025)].

⁴⁷ *N.B.* The recommended level in various budget modernization bills pending in the 19th Congress is 3%. [Julius I. Dumangas, et al., *Dimensions of the 2024 National Government Budget (As Enacted Under RA No. 11975)*, CPBRD Budget Brief No. 1, pp. 2–3 (2024), available at <https://cpbrd.congress.gov.ph/wp-content/uploads/2024/07/BB2024-01-DIMENSIONS-Enacted-Based-on-GAA.pdf> (last accessed on November 10, 2025)].

⁴⁸ In the DBM's *Guide to the Two Tier Budget Approach*, the following public financial principles were restated: "(1) Spend within means – Use resources within a planned and deliberate medium-term strategy within the aggregate resource constraints (i.e. fiscal discipline); (2) Spend on the right priorities – Align spending with socio-economic priorities, as spelled out in the Philippine Development Plan (PDP) (i.e. allocative efficiency); (3) Spend with value-for-money – Provide public goods and services at the most reasonable cost and taking account of the absorptive capacity of the Agency (i.e. operational efficiency); and (4) Spend with Transparency and Participation – Empower citizens, communities, LGUs and other stakeholders through greater transparency, accountability, and participation in the PFM process (i.e. participatory budgeting)." Department of Budget and Management, *Guide to the Two Tier Budget Approach*, Budget 2017, p. 6, available at <https://www.dbm.gov.ph/images/pdf/GUIDETOTHEWOTIERBUDGETPROCESS.pdf> (last accessed on November 10, 2025).



before public money is released. Congress cannot wield its power of the purse to compel the Executive to implement programs, projects, and activities that it is not equipped to do. The GAA is not a document to lay down new policies or programs to steer the country in a different direction not envisioned or contemplated by the Executive. Should Congress have disagreements with certain policy priorities, it is free to enact new laws where such policies would be encapsulated. After all, its legislative power is plenary, and it can enact legislation that the President would be constitutionally bound to faithfully execute. In short, the GAA is not the place to express legislative disagreement over policies, as the Court has consistently upheld in the decisions discussing inappropriate provisions in appropriation laws.

It was posited during the deliberations that the Court should exercise restraint in matters of fiscal policy, as these are within the discretion of Congress to determine. However, it bears emphasizing that there is no disbursement of public funds without an appropriation sanctioned by Congress. The level of accountability exacted from Congress should therefore be proportionate to the magnitude of this authority. Given the breadth and impact of Congress' power of the purse, it is all the more important for the Court to scrutinize its limits and determine whether Congress acted within the bounds of its authority.

To be sure, in *Belgica v. Ochoa, Jr.*,⁴⁹ the Court rejected the submission that budget-related policies are within the realm of the political branches and beyond the power of judicial review:

Scrutinizing the contours of the system along constitutional lines is a task that the political branches of government are incapable of rendering precisely because it is an exercise of judicial power. **More importantly, the present Constitution has not only vested the Judiciary the right to exercise judicial power but essentially makes it a duty to proceed therewith.**⁵⁰ (Emphasis supplied)

This was reiterated in *Araullo*, where the Court expressly stated that it “will not now refrain”⁵¹ from exercising its power to determine the limitation of a coequal branch's power. As in these cases, the Court is not intruding into the discretion or wisdom of Congress; rather, it is only exercising its duty to check the authority of its coequal branch and uphold the supremacy of the Constitution. To exercise judicial restraint, especially in fiscal matters, is tantamount to an abdication of this duty and essentially divests Congress of any form of accountability for public funds. Ultimately, while the Court is precluded from inquiring into the wisdom of the budget, it is certainly not prohibited—and in fact, it is its duty—to inquire into its constitutionality.

⁴⁹ 721 Phil. 416 (2013) [Per J. Perlas-Bernabe, *En Banc*].

⁵⁰ *Id.* at 526.

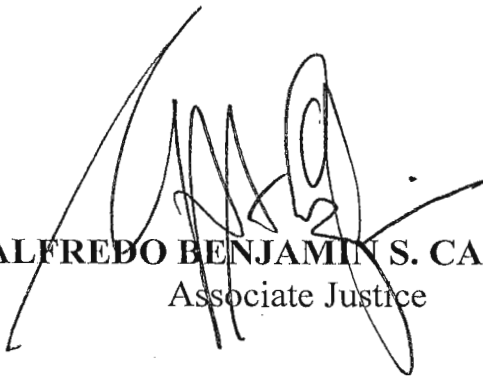
⁵¹ *Araullo v. Aquino III*, *supra* note 35, at 532.



It was likewise raised during the deliberations that the Court should refrain from exercising the expanded power of judicial review in light of the President’s commitment to return the amount of PhilHealth’s reserves already remitted to the National Treasury. But without a corresponding appropriation in the 2026 GAA, the intention to return the amount does not become concrete. More importantly, such a return—after the fact—does not erase the constitutional infirmities of Special Provision 1(d) and DOF Circular No. 003-2024. This is precisely the matter that the Court is tasked to rule upon and any gesture to return, no matter how magnanimous, should not hinder the Court from ruling accordingly.

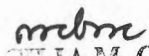
May this case be a reminder that the power to appropriate vested in Congress is not only a sovereign function but a duty that must be carried out within the limits set by the Constitution, as well as by the relevant statutes. In discharging this duty, Congress must bear in mind that the budget is “the clearest expression of any government’s socioeconomic development agenda,”⁵² and as such, the appropriations authorized therein should ultimately redound to the benefit of the public.

In all, subject to the points raised in this opinion, I **CONCUR** in the result.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

CERTIFIED TRUE COPY



MARIA CECILIA M. CAPUNPON
Deputy Clerk of Court and
Executive Officer
OCC-En Banc, Supreme Court

⁵² Florencio B. Abad, *On the cusp of budget transformation: the work for an inclusive budget process under the Aquino administration*, Vol. LI, No. 1, *The Philippine Review of Economics*, p. 29 (June 2014), available at <https://pre.econ.upd.edu.ph/index.php/pre/article/viewFile/902/802> (last accessed on November 10, 2025).