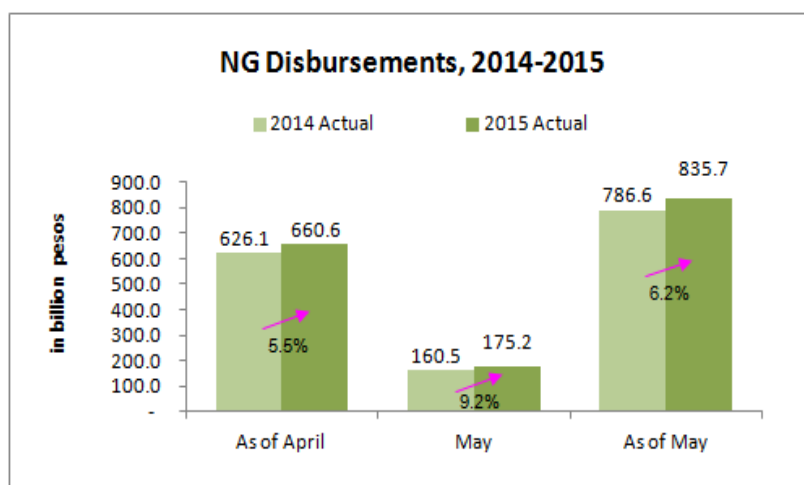


ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE AS OF MAY 2015

Disbursements continued to gain speed in May by P14.7 billion or 9.2 percent to P175.2 billion, from last year's P160.5 billion. This gave a further boost to cumulative disbursements, which recorded an expansion of P49.2 billion or 6.2 percent year-on-year. More relevant to note, is the fact that the upbeat spending in May can be largely attributed to the 20.1 percent growth in the more productive maintenance and capital expenditures.



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In relation to this, cash disbursements¹ for the month likewise outpaced the 2014 level by 14.7 percent, resulting to a cumulative growth rate of 12.3 percent as of May. This performance was mainly a result of the faster utilization of NCAs by departments/ agencies from a rate of 83.3 percent in May 2014 to 91.2 percent this May. Hence, in cumulative terms, the disbursement rate advanced by almost 6 percentage points to 87.7 percent this year from 81.8 percent for the comparable period last year. Some of the departments/agencies which registered the most improved fund utilization rates were DPWH (from 61.7 percent as of May 2014 to 86.2 percent as of May 2015), DSWD (from 52.9 percent to 64.0 percent), DILG (from 77.1 percent to 91.8 percent), OP (from 45.7 percent to 67.6 percent), and DOF (from 50.3 percent to 76.3 percent).

Table 1
Comparison of Actual Disbursements vs. NCA, 2014-2015

in billion pesos, unless otherwise indicated

Particulars	As of April				May				As of May			
	2014 Actual	2015 Actual	2014 vs. 2015		2014 Actual	2015 Actual	2014 vs. 2015		2014 Actual	2015 Actual	2014 vs. 2015	
			Inc./ (Dec.) Amount	%			Inc./ (Dec.) Amount	%			Inc./ (Dec.) Amount	%
NCA	419.8	468.3	48.5	11.6	128.5	147.4	18.9	14.7	548.2	615.7	67.4	12.3
% of Effective NCA	81.3	86.7			83.3	91.2			81.8	87.7		
Non-NCA	206.4	192.3	(14.1)	(6.8)	32.0	27.8	(4.2)	(13.0)	238.4	220.1	(18.3)	(7.7)
Total	626.1	660.6	34.4	5.5	160.5	175.2	14.7	9.2	786.6	835.7	49.2	6.2

Source of basic data: Bureau of the Treasury (BTr)

Memo Items:

Effective NCAs Issued net of Trust Liabilities, gross of Working Fund:

As of May 2014	670.6	As of May 2015	701.8
As of Apr. 2014	516.4	As of Apr. 2015	540.2
May 2014	154.2	May 2015	161.6

Allotment Releases

As of May 2014	1,892.2	representing 82.7% of the P2.287 trillion obligation program (including P22.5 billion Supplemental Budget)
As of May 2015	2,255.9	representing 86.6% of the P2.606 trillion obligation program

Source: DBM - Budget Technical Bureau (BTB)

¹ Disbursements through the use of current year's Notices of Cash Allocation (NCAs)

Despite the strong growth in NCA disbursements as of May, total spending was partly weakened by the favorable year-on-year contraction in non-NCA items such as: 1) Tax expenditure subsidies without the impact of substantial tax obligations of PDIC and PSALM covered last year; 2) Net lending sans any significant advances made to GOCCs this year; and 3) Interest Payments (IP) particularly on foreign borrowings due to maturities and fluctuation in foreign exchange rates.

Allotment Releases

For the first five months of the year, P2,255.9 billion in allotments or 86.6 percent of the total obligation program of P2,606.0 billion had been made available for the departments/agencies to incur obligations. Total allotments issued this year is P363.7 billion or 19.2 percent higher than the comparable amount of releases made last year, mainly as a result of the 21.9 percent increase in releases from agency-specific budgets, particularly for DPWH (up by 47.8 percent), DepEd (by 14.2 percent), and DSWD (by 10.9 percent).

Some of the significant releases made for the month of May are as follows: 1) the Basic Educational Facilities to DPWH - P28.3 billion and P5.8 billion - charged against the 2015 GAA and 2014 Continuing Appropriations, respectively after DepEd identification of school locations; 2) DSWD's Emergency Shelter Assistance under the Comprehensive Rehabilitation and Recovery Plan (CRRP) for Typhoon Yolanda-affected areas - P11.2 billion; 3) budgetary support to GOCCs - P11.1 billion; 4) creation of new positions and filling up of unfilled positions under the Miscellaneous Personnel Benefits Fund (MPBF) - P4.8 billion; and 5) payment for pension, and terminal leave/retirement gratuity benefits under the Pension and Gratuity Fund (PGF) - P3.0 billion.

Year-on-Year Performance

The pick up in spending for the month of May was mainly accounted for by the outturn in the following items:

- Personnel Services (PS) continued to expand this year by P4.4 billion or 1.8 percent, mostly due to the filling up of positions created in 2014 under the DepEd. Likewise,, there was also a significant release in May to the DILG-PNP amounting to P921 million for the filling-up of 4,214 Police Officer I positions.

Table 2: Disbursements by Expense Class, 2014 vs. 2015
in billion pesos, unless otherwise indicated

Particulars	As of May		Increase/Decrease	
	2014	2015	Amount	%
Current Oper. Exp.	636.9	675.5	38.7	6.1
PS	243.8	248.2	4.4	1.8
MOOE	122.6	142.5	19.9	16.2
Subsidy	3.2	9.0	5.8	180.5
Allotment to LGUs	113.8	130.0	16.1	14.1
IP	140.1	136.9	(3.2)	(2.3)
TEF	13.3	8.9	(4.3)	(32.7)
Capital Outlays	143.7	157.2	13.5	9.4
Infra & Other CO	112.3	115.8	3.5	3.1
Equity	0.4	0.3	(0.1)	(21.9)
Cap. Transfers to LGUs	31.1	41.1	10.1	32.3
Net Lending	6.0	3.0	(3.0)	(49.8)
TOTAL	786.6	835.7	49.2	6.2

- Maintenance and Other Operating Expenditures (MOOE) sustained its run of monthly double-digit growth since February, as it recorded a 13.8 percent increase for the month of May. Aside from the increased provision for MOOE items cited in previous reports, the increase this month was mainly brought about by DSWD's cash requirements of P3.2 billion (out of the P11.2 billion worth of NCAs issued from May to July) for the Emergency Shelter Assistance (ESA) under the Comprehensive Rehabilitation and Recovery Plan (CRRP) for Typhoon Yolanda.

- With the full release of subsidy to NFA of P4.3 billion in May, compared to last year's release of the same amount in July 2014, subsidies to GOCCs grew in cumulative terms by P5.8 billion or 180.5 percent.
- Infrastructure and other capital outlays significantly advanced in May to P23.9 billion, growing by P5.3 billion or 28.5 percent from the year-ago level. For DPWH, while almost the same level of NCAs were issued in May 2014 and May 2015, CO disbursements by DPWH increased by P6.9 billion due to the remarkable improvement in the pace of utilization by DPWH from 64.8 percent in May last year to 93.5 percent this year. In addition, some P270 million was released to the NCCA in May to cover the acquisition of the Manila Metropolitan Theatre from the GSIS. The increase in total NCA issuances and the improvement in fund utilization, especially of the DPWH pushed the cumulative growth in disbursements to 3.1 percent, rebounding from the almost 2 percent contraction as of April.
- Capital transfers to LGUs rose further in May by P2.3 billion or 27.7 percent corresponding to the release of shares of various LGUs in the NCR from the incremental collection of Value-Added Tax charged against the FY 2014 continuing appropriations. This, along with the increase in mandated shares of LGUs in the Internal Revenue Allotment, drove the cumulative year-on-year growth in total allotment to LGUs and capital transfers to 18.1 percent and 32.3 percent, respectively.

Outlook for the Rest of the Year

As of May 2015, unreleased appropriations out of the P2.606 trillion obligation program amounted to P350.1 billion or 13.4 percent. The biggest portion of the program balance corresponds to Special Purpose Funds (SPFs), mostly for MPBF (P104.9 billion balance), which will be significantly lessened in June following the release of the

Table 3: Status of 2015 Allotment Releases
in billion pesos, unless otherwise indicated

Particulars	Program	Releases as of May*	Balance	
			Amount	%
Original Program	2,606.0	2,255.9	350.1	13.4

* Inclusive of releases charged against 2014 Continuing Appropriations, 2014 Supplemental Budget, and Automatic Appropriations

Source of basic data: BTB

Productivity Enhancement Incentive (PEI) grant for government employees in accordance with Executive Order No. 181 issued on May 15, 2015; and PGF (P80.7 billion balance) for pension and retirement benefits. Other remaining program balances, the release of which is subject to the submission of Special Budget Requests and documentary requirements, include the P37.2 billion unreleased allocation for the premium subsidy of indigent families covered by the National Health Insurance Program; about P36.7 billion under the DPWH Budget which represents the allocation for DepEd's Basic Educational Facilities, various foreign-assisted projects, and support for PPP projects; and some P12.5 billion under the DOH Budget for the Health Facilities Enhancement Program and for the operations of Special Hospitals, Medical Centers, Sanitaria and other Medical Hospitals.

Based on preliminary reports, the government expects that cash disbursements will continue to accelerate in the next months. To ensure that this growth is sustained, the DBM has released Circular Letter No. 2015-8 in June to lay down specific measures to be implemented to facilitate budget execution this year. The guidelines in particular prescribed the specific functions and composition of the Agency Full-time Delivery Units (FDU) which is anticipated to further facilitate agency expenditures, emphasizing its role as a "problem solver"; and the timelines of its reports.