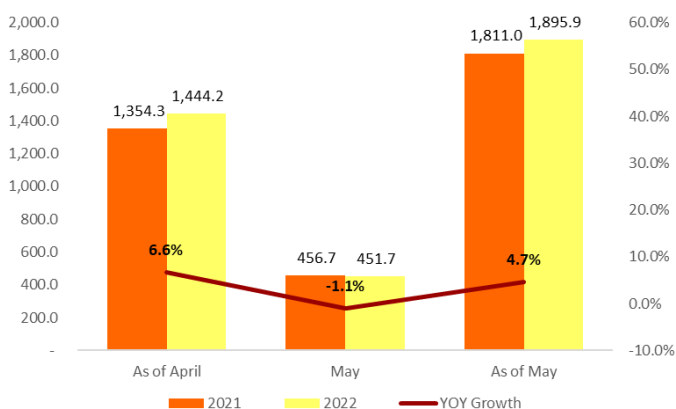


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MAY 2022

National Government (NG) spending for the month of May 2022 amounted to P451.7 billion, slightly lower by P5.0 billion or 1.1 percent year-on-year which is largely attributed to the timing of subsidy releases to the Philippine Health Insurance Corporation (PHIC). Net of the P36.5 billion subsidy to PHIC in May last year, government disbursements were actually higher by P31.5 billion or 7.5 percent year-on-year (see details on the year-on-year performance discussion). Year-to-date, disbursements totaled to P1,895.9 billion, P84.9 billion or 4.7 percent more than the previous year's level mainly on account of higher personnel services (PS) expenditures, allotment to LGUs, and interest payments.

Figure 1. National Government Disbursements for the Period Indicated
Amounts in billion pesos, unless otherwise indicated



With respect to disbursement authorities, NCA disbursements in May reached P389.7 billion, down by P14.3 billion or 3.5 percent year-on-year resulting largely from lower subsidy as mentioned previously. Meanwhile, non-NCA disbursements amounted to P62.0 billion, up by P9.3 billion or 17.5 percent from a year ago mostly from higher interest payments, constructive receipts of cash (CRC) payments¹, and tax expenditures. Year-to-date, NCA disbursements were recorded at P1,524.8 billion, up by P60.0 billion or 4.1 percent, while non-NCA disbursements posted at P371.1 billion, larger by P25.0 billion or 7.2 percent year-on-year.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2021-2022

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of April				May				As of May			
	2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,060.9	1,135.1	74.2	7.0	404.0	389.7	(14.3)	(3.5)	1,464.9	1,524.8	60.0	4.1
<i>% of Eff. NCA</i>	<i>87.4%</i>	<i>90.1%</i>			<i>96.8%</i>	<i>96.3%</i>			<i>89.8%</i>	<i>91.6%</i>		
Non-NCA	293.4	309.1	15.7	5.4	52.8	62.0	9.3	17.5	346.1	371.1	25.0	7.2
TOTAL	1,354.3	1,444.2	89.9	6.6	456.7	451.7	(5.0)	(1.1)	1,811.0	1,895.9	84.9	4.7
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of April				May				As of May			
	2021	1,213.2			2021	417.3			2021	1,630.5		
	2022	1,260.4			2022	404.5			2022	1,665.0		
Allotment Releases												
As of May 2021		3,737.2	82.9% of the P4,506.0 billion obligation program									
As of May 2022		4,461.1	88.8% of the P5,023.6 billion obligation program									

Sources: Bureau of the Treasury and DBM-Budget Technical Bureau

Allotment Releases

As of end-May 2022, allotment releases totaled to P4,461.1 billion, equivalent to 88.8 percent of the P5,023.6 billion obligation program for the year. In May 2022 alone, some P102.3 billion was released during the said month which includes the FY 2022 regular subsidy for the National Health Insurance

¹ Direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects

Program (NHIP) of the PHIC - P67.3 billion; and releases for the Revised AFP Modernization Program (RAFPMP) of the Department of National Defense (DND) - P12.3 billion.

Year-on-Year Performance, by Expense Class

For the Month of May 2022

NG spending for the month of May 2022 declined to P451.7 billion, marginally below the previous year's level by P5.0 billion or 1.1 percent. As earlier discussed, this is mainly on account of the timing of the P36.5 billion subsidy to the PHIC for the payment of health insurance premiums of senior citizens in May 2021. For this year, while some P67.3 billion allotment was released by the DBM as subsidy to the PHIC in May, this is yet to be taken up as disbursements in the Cash Operations Report of the Bureau of the Treasury.

In addition, capital transfers to LGUs declined

year-on-year due to lower releases from the Local Government Support Fund, specifically the Support to the Barangay Development Program to the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC)², and from the Special Shares of LGUs from the proceeds of national taxes, particularly the tobacco excise tax.

Meanwhile, expenditure items which exhibited positive growth rates, minimizing the contraction of disbursements for the period are, as follows:

- Allotment to LGUs jumped to P69.2 billion, increasing by P15.7 billion or 29.3 percent. This is mainly credited to the higher National Tax Allotment (NTA) shares of LGUs this year with the first year of implementation of the Supreme Court decision on the *Mandanas-Garcia* petitions, as well as the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).
- Personnel services (PS) expenditures climbed to P153.5 billion, P10.5 billion or 7.3 percent more than last year's outturn. The increase is largely attributed to the release of the mid-year bonus of government employees and the implementation of the third tranche of the Salary Standardization Law (SSL) V. Payments for retirement gratuity/terminal leave benefits and pension requirements, and filling up of positions in various agencies also contributed to larger PS spending.
- Interest payments went up by P4.9 billion or 16.9 percent year-on-year to reach P33.8 billion due to discounts from the reissuances of Fixed Rate Treasury Bonds and foreign exchange market fluctuations.
- Infrastructure and other capital outlays rose to P80.5 billion, P1.7 billion or 2.1 percent more than the level recorded a year ago. This is mostly accounted by the increase in CRC payments of the Department of Transportation (DOTr) for the Malolos-Clark Railway Project and the Metro

Table 2. NG Disbursements for the Month of May, 2021 and 2022

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	May			
	2021	2022	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	350.1	346.1	(4.0)	(1.1)
Personnel Services	143.0	153.5	10.5	7.3
MOOE	76.8	77.2	0.4	0.5
Subsidy	44.7	7.9	(36.8)	(82.3)
Allotment to LGUs	53.5	69.2	15.7	29.3
IP	28.9	33.8	4.9	16.9
TEF	3.1	4.4	1.3	42.6
CAPITAL OUTLAYS	101.8	100.3	(1.5)	(1.5)
Infra and Other CO	78.9	80.5	1.7	2.1
Equity	0.0	0.0	(0.0)	(50.0)
Capital Transfers to LGUs	23.0	19.8	(3.2)	(13.9)
NET LENDING	4.8	5.3	0.5	10.1
TOTAL	456.7	451.7	(5.0)	(1.1)

² Assistance to communist-cleared barangays as declared by the the NTF-ELCAC to support the construction/upgrading of local access roads/road openings in barangays, and construction/rehabilitation of water systems and barangay health centers.

Manila Subway Project – Phase I and capital outlay projects under the AFP Modernization Program of the DND, which partly offset the lower disbursements recorded in the DPWH due to the election ban, as well as other one-off capital expenditures (e.g., construction of Senate building).

- Tax expenditures increased by P1.3 billion or 42.6 percent year-on-year to reach P4.4 billion, owing to higher documentary stamp taxes on government securities and tax subsidy for the operations of the Metro Rail Transit (MRT) 3 Operations.
- Meanwhile, maintenance and other operating expenses (MOOE) amounted to P77.2 billion, just P0.4 billion or 0.5 percent more than last year's level. Although higher disbursements were recorded in the Department of Labor and Employment (DOLE) for the implementation of the *Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers* (TUPAD), Commission on Higher Education (CHED) for the Unified Student Financial Assistance System for Tertiary Education (UniFAST) and other scholarship grants, and the Commission on Elections (COMELEC) for the conduct of the May 9, 2022 National and Local Elections (NLE), the timing of direct payments made for the purchase of COVID-19 vaccines in May last year tempered the growth of maintenance spending.

For the Period January to May 2022

NG disbursements as of end-May 2022 registered at P1,895.9 billion, P84.9 billion or 4.7 percent more year-on-year. Allotment and capital transfers to LGUs led the drivers of spending for the period, which increased by P66.5 billion or 17.7 percent when combined. This is mostly due to the higher NTA of LGUs and the annual block grant to the BARMM, as mentioned. Other notable increases that propelled spending include PS expenditures which grew by P59.5 billion or 12.3 percent to reach P543.0 billion; and interest payments which ended at P220.5 billion, up by P41.9 billion or 23.4 percent.

The growth recorded in the said expense items, however, was moderated by lower subsidy and

equity. Subsidy was down by P47.6 billion or 59.6 percent year-on-year mainly due to the timing of releases to the PHIC. In the previous year, some P45.5 billion was released to the PHIC during the period January to May. However, for this year, releases are expected to be credited monthly from June to December 2022. Likewise, equity was lower by P44.9 billion or 98.8 percent year-on-year due the completion of the P45.0 billion equity infusion to Government Financial Institutions (GFIs) for their credit assistance and lending programs under the *Bayanihan* II in the previous year.

Table 3. NG Disbursements for the Period January to May, 2021 and 2022
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to May			
	2021	2022	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	1,334.0	1,456.1	122.2	9.2
Personnel Services	483.6	543.0	59.5	12.3
MOOE	296.9	299.0	2.1	0.7
Subsidy	79.9	32.3	(47.6)	(59.6)
Allotment to LGUs	282.4	344.7	62.2	22.0
IP	178.6	220.5	41.9	23.4
TEF	12.5	16.7	4.2	33.4
CAPITAL OUTLAYS	470.5	432.3	(38.2)	(8.1)
Infra and Other CO	332.3	334.6	2.3	0.7
Equity	45.4	0.6	(44.9)	(98.8)
Capital Transfers to LGUs	92.9	97.2	4.3	4.6
NET LENDING	6.5	7.5	1.0	14.9
TOTAL	1,811.0	1,895.9	84.9	4.7
Memo item:				
Infrastructure Disbursements ^{1/}	421.5	434.5	13.0	3.1

^{1/} Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

Outlook for the Rest of the Year

For the first five months of 2022, the balance of this year's P5,023.6 billion obligation program amounts to P562.5 billion³ or 11.2 percent. A total of P277.1 billion⁴ allotment was released for the month of June 2022, covering the following big-ticket releases:

DEPARTMENT	PURPOSE	AMOUNT
DOF-BTR	FY 2022 Interest Payments	P128.4 billion
	Subsidy for the Coconut Farmers and Industry Trust Fund pursuant to R.A. No. 11524	P10.0 billion
DOTr	North-South Commuter Railway (NSCR) System and Metro Manila Subway Project (MMSP) Phase I	P30.3 billion
CHED	Implementation of the Universal Access to Tertiary Education Act (UAQTEA), including the Tulong Dunong Program (TDP)	P17.5 billion
DND	3 rd Quarter Pension	P14.0 billion
	Revised AFP Modernization Program (RAFPMP)	P10.3 billion
PNP	3 rd Quarter Pension	P10.8 billion
DSWD	Targeted Cash Transfer (TCT)	P6.2 billion
DAR	Support to Parcelization of Lands for Individual Titling (SPLIT) Project	P2.2 billion
DA	Rice Competitiveness Enhancement Fund - PhilMech	P2.1 billion

Meanwhile, disbursements for June 2022 are expected to rebound from the slight contraction recorded in May as the prohibition on public works and certain type of disbursements during the election period has ended. Based on preliminary report using data on negotiated checks, spending in June likely grew by at least 20 percent year-on-year, driven by subsidy releases, growth of NTA, and faster capital outlay disbursements.

For the remainder of the year, further releases are anticipated with the submission of special budget requests by line agencies to implement their respective programs, activities, and projects (PAPs) as the government also transitions under the new Administration. These are expected to accelerate the pace of government spending for the year.

³ Net of the authorized releases under the FY 2021 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the total obligation program for the year per National Budget Circular No. 587.

⁴ Based on SARO Listing for the period June 1 to 30, 2022. Generated from the DBM eBudget System.