NINETEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES Third Regular Session

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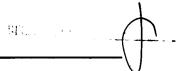
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Burney St.

SENATE P.S. Res. No. 1279



Introduced by Senator Grace Poe

RESOLUTION

CALLING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED INEFFICIENCY OF THE SOCIAL SECURITY SYSTEM IN COLLECTING CONTRIBUTIONS FROM DELINQUENT EMPLOYERS, WITH THE END IN VIEW OF ENHANCING THE EFFICIENCY OF ITS COLLECTION MECHANISMS AMID SIGNIFICANT PREMIUM INCREASES AND ENSURING THE SUSTAINABILITY OF ITS FUNDS FOR THE BENEFIT OF ALL MEMBERS

WHEREAS, the Social Security System (SSS) is mandated by Republic Act No. 8282, otherwise known as the Social Security Act of 1997, to promote social justice by providing meaningful social protection to its members, including pension benefits, disability insurance, and other essential services;

WHEREAS, the efficient collection of contributions from employers, employees, and self-employed members is crucial to ensuring the sustainability and viability of the SSS fund, which serves as a lifeline for millions of Filipino workers and their families;

WHEREAS, Republic Act No. 11199 (RA 11199) or the Social Security Act of 2018 instituted reforms to the SSS system such as unemployment insurance or involuntary separation benefits and OFW compulsory coverage;

WHEREAS, the same law provides for a schedule of monthly member contribution, with a programmed increase in monthly salary credit (MSC) bracket as well as increase in member contribution rate to 15% in 2025 from the previous 14% in 2023 and 2024. Employers will carry 10% while employees will shoulder the remaining 5% of the said 15% contribution rate;

WHEREAS, SSS President and Chief Executive Officer (PCEO) Robert Joseph De Claro clarified in a statement that with the last tranche of contribution rate and MSC

increase, the SSS Fund's life is projected to double by 28 years—extending until 2053 compared to the 2018 actuarial evaluation of it only lasting until 2032¹;

WHEREAS, the Department of Finance (DOF) has since instructed SSS to study the increase and to clearly communicate to the public its effect, including its benefits to the workers. DOF has also given its support to previous scheduled contribution increases, calling it necessary to fund the past pension increase and to ensure the long-term viability of the SSS Fund²;

WHEREAS, while the scheduled increase will be used to fund the benefit packages and reforms under the law, it does not discount the reality that an increase in contributions at this time will cause additional hardship to employees already struggling with the increasing trend in inflation and the rising costs of living;

WHEREAS, labor groups, particularly Sentro ng mga Nagkakaisa at Progresibong Manggagawa (Sentro), have expressed opposition to the scheduled premium hike of 15%, arguing that the SSS should first address collection inefficiencies before increasing member contributions. They emphasize that improving collection from delinquent employers could bolster the fund without additional burdens on compliant members³;

WHEREAS, the Commission on Audit (COA) has called out the SSS for its anemic performance in going after private companies with unpaid or unremitted premium contributions from their employees⁴;

WHEREAS, in its 2022 audit report on SSS, state auditors found that only P2.48 billion or less than three percent of the P94.97 billion target was collected as of the end of 2022. Now in its latest 2023 annual audit report, COA found that SSS has only

¹ GMA News Online. "SSS defends contribution rate hike, says it doubled fund life". (7 January 2025). Accessed from: https://www.gmanetwork.com/news/topstories/nation/932037/sss-defends-contribution-rate-hike-says-it-would-double-fund-life/story/

² Department of Finance. "New SSS Contribution Rate to Ensure Pension Fund Viability, Increase Benefits for Members, Beneficiaries". (23 December 2020). Accessed from: https://www.dof.gov.ph/new-sss-contribution-rate-to-ensure-pension-fund-viability-increase-benefits-for-members-beneficiaries/

³ The Freeman. "Labor group bucks SSS premium hike". (7 January 2025). Accessed from: https://www.philstar.com/the-freeman/cebu-news/2025/01/07/2412432/labor-group-bucks-sss-premium-hike

⁴ Malaya Business insight. "COA flags SSS for inefficiency, P89B uncollected from delinquent employers". (6 January 2025). Accessed from: https://malaya.com.ph/news/national-news/coa-flags-sss-for-inefficiency-p89b-uncollected-from-delinquent-

employers/#: ``: text = THE%20 Commission%20 on %20 Audit%20 (COA, employees%20 totaling%20 P93.747%20 billion.

collected P4.581 billion or 4.89 percent of the total P93.747 billion established collectibles. This leaves at least P89.17 billion that are yet to be collected from 420,627 employers;

WHEREAS, COA said that this has a direct impact on the agency's ability to carry out its mandate, adding that it "deprives SSS of much-needed funds for the timely delivery of social security protection, claims, and benefits, to its members and beneficiaries"⁵;

WHEREAS, the recommendations under the 2022 SSS Actuarial Valuation to further enhance contribution collection and employer compliance should be implemented by the SSS as it rolls out any increase in contributions. The heightened enforcement of sanctions, stronger ties with other agencies like the Bureau of Internal Revenue, and improvement of inspectorate units are just as important in increasing collection rates more than just relying on increasing the contributions alone;

WHEREAS, these reports highlight the need for SSS to face the challenges in its collection efficiency, including unremitted contributions, delinquent employers, and compliance issues among self-employed and voluntary members, which hinder the full realization of its mandate;

WHEREAS, while SSS PCEO De Claro claims in the latest press briefing that their collections have improved, there still remains a significant amount of collectibles from delinquent accounts which is crucial to ensuring the fund's sustainability and maintaining public trust in the system;

WHEREAS, any increase in contributions will be rendered ineffective in extending the SSS fund life as projected if the agency's collection rates continue to remain dismal:

WHEREAS, while the SSS law itself provides for incremental increases in contributions to strengthen the fund and that these adjustments align with actuarial studies that project the fund's sustainability under current economic and demographic conditions, the SSS must also ensure stronger enforcement mechanisms to address systemic collection inefficiencies and ensure accountability among stakeholders;

⁵ 2023 COA Annual Audit Report on the Social Security System, Executive Summary, page 3.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, as it is hereby resolved, 1 to call the appropriate Senate committee/s to conduct an inquiry, in aid of legislation, on the reported inefficiency of the social security system in collecting contributions from delinquent employers, with the end in view of enhancing the efficiency of its collection mechanisms amid significant premium increases and ensuring the sustainability of its funds for the benefit of all members.

GRACE POE

Adopted,

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