

Title: Araullo v. Aquino III, G.R. No. 209287 et al.

Facts:

The case traces its origin to the implementation of the Disbursement Acceleration Program (DAP) by the Philippine government, spearheaded by the executive branch headed by President Benigno Simeon C. Aquino III. The DAP's stated purpose was to accelerate government spending to stimulate economic expansion by utilizing savings and unprogrammed funds for priority projects.

- During the administration, several programs were funded under DAP. These included the utilization of savings from the General Appropriations Act (GAA) for other purposes, alleged cross-border transfers of funds from one branch of government to another, and the use of unprogrammed funds without meeting revenue targets.
- Petitioners, which included public officials and concerned citizens, raised issues regarding the constitutionality of the DAP, asserting that the use of savings and unprogrammed funds did not conform to the explicit provisions of the Constitution. They alleged that the respondent officials gravely abused their discretion in implementing DAP.

Procedural Posture:

1. **Regional Trial Court:** The case originated from complaints filed in the RTC questioning the actions of the executive branch in using savings and appropriations without legislative approval as per the Constitution.
2. **Court of Appeals:** Subsequently, the case ascended to the Court of Appeals, with petitioners seeking annulment of the executive actions under DAP. The Court of Appeals upheld the executive's actions.
3. **Supreme Court:** Petitioners then elevated the matter to the Supreme Court, challenging the Court of Appeals' decisions. The consolidated petitions asked for certiorari and prohibition against the executive actions under DAP.

Issues:

1. Whether the utilization of savings and unprogrammed funds by the respondents under the DAP was unconstitutional.
2. Whether there were any illegal cross-border transfers of appropriations, contrary to the constitutional provision prohibiting such transfers.
3. Whether the use of unprogrammed funds was without meeting the revenue targets

stipulated by the GAA.

4. Whether the Doctrine of Operative Fact applies to validate the DAP's prior acts considering their subsequent declaration of unconstitutionality.

Court's Decision:

First Issue: Utilization of Savings and Unprogrammed Funds

- **Ruling:** The Court held that the implementation of DAP did not comply with the statutory definition of "savings" specified in the GAA. Savings could only be considered upon completion or discontinuance of a purpose for which an appropriation was legally available, but this was not adhered to under DAP.

Second Issue: Cross-Border Transfers

- **Ruling:** The Court found the cross-border transfers of funds, wherein the executive branch utilized its savings to augment appropriations in other branches of government, to be unconstitutional. This violated Section 25(5), Article VI of the Constitution limiting such transfers within each branch's own offices.

Third Issue: Use of Unprogrammed Funds

- **Ruling:** The Court ruled that the release of unprogrammed funds required a certification that revenue collections exceeded the revenue targets. The absence of such certification made the disbursement and expenditure of these funds illegal.

Fourth Issue: Doctrine of Operative Fact

- **Ruling:** The Court ruled that the Doctrine of Operative Fact allowed certain effects of the invalid DAP to remain effective to avoid disarray in government function and prevent unfair prejudice to parties who had acted in good faith.

Doctrine:

1. **Strict Construction of Savings:** Savings are strictly construed under the Constitution, and only real savings, as defined by the completion or discontinuation of projects, qualify for augmentation.
2. **No Cross-Border Fund Transfers:** Section 25(5), Article VI of the Constitution prohibits the President or any head of an office from using savings to augment appropriations in other branches of government.
3. **Utilization of Unprogrammed Funds:** Releases from unprogrammed funds are conditional upon exceeding the targeted revenues within the fiscal year, as certified by the National Treasurer.

4. **Doctrine of Operative Fact:** Declares that prior acts under an unconstitutional statute may remain effective if they were done in good faith, to prevent unjust results from the subsequent declaration of unconstitutionality.

Class Notes:

- **Savings:** Appropriation balance that is free from any obligation and arises from completion or discontinuation of projects (per GAAs).
- **Cross-Border Transfers:** Violates the constitutional provision limiting fund transfers within respective branches.
- **Unprogrammed Funds:** Use contingent on exceeding revenue targets.
- **Operative Fact Doctrine:** Validates effects of unconstitutional acts to prevent inequity and injustice for actions already undertaken in good faith.

Historical Background:

The case reflects a significant moment for the judiciary's role in checking executive overreach in the Philippines, emphasizing the inviolability of constitutional provisions related to public funds. The decision was a response to concerns about the misuse of public funds through mechanisms bypassing legislative authority, reinforcing the separation of powers principle critical to Filipino governance.