

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2666

Introduced by HONORABLE MAR-LEN ABIGAIL S. BINAY

EXPLANATORY NOTE

Republic Act No. 7160, otherwise known as the Local Government Code of 1991, provides for the establishment of a Special Education Fund (“SEF”).

In Section 235, the Local Government Code limits the levy and collection of the SEF only to provinces or cities, and municipalities within the Metropolitan Manila Area. Further, Section 272 thereof specifies that the SEF shall be used only for the following: (a) the operation and maintenance of public schools; (b) construction and repair of school buildings, facilities and equipment; (c) educational research; (d) purchase of books and periodicals, and (e) sports development, as determined and approved by the Local School Board.

However, the tremendous shortage in classrooms, the constant increase in the yearly number of enrollees, the resultant inadequacy in the number of teachers and their respective compensations, the need to incorporate new fields of education such as computer science into the public school system, and the recurring budget deficits of the National Government – are all factors that led to the clamor to expand the application of, and the power to levy, the SEF.

This bill addresses these concerns as it proposes to: (a) grant municipalities outside the Metropolitan Manila area the power to levy and collect SEF; (b) expand the application of SEF as, among other things, payment for the remuneration or honoraria of volunteer school teachers; and (c) use the SEF as payment or collateral for loans, debts, or credits from lending institutions and financial intermediaries to further supplement the national budget allocations for education.

In view of the foregoing, the approval of this bill is earnestly sought.

MAR-LEN ABIGAIL S. BINAY

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HOUSE BILL NO. 2666

Introduced by the Honorable Mar-Len Abigail S. Binay

AN ACT
EXPANDING THE PURPOSES AND APPLICATION OF THE SPECIAL EDUCATION FUND (SEF), AMENDING FOR THE PURPOSE SECTIONS 100, 235 AND 272 OF REPUBLIC ACT 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

Be it enacted in the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1.** Section 100 of Republic Act No. 7160, otherwise known as the “Local
2 **Government Code of 1991” is hereby amended to read as follows:**

3 “Sec. 100 Meeting and Quorum; Budget. –

- 4 (a) The local school board shall meet at least once a month or as often as necessary.
5 (b) Any of the co-chairmen may call a meeting. A majority of all its members shall constitute
6 a quorum. However, when both co-chairmen are present in the meeting, the local chief
7 executive concerned, as a matter of protocol, shall be given preference to preside over the
8 meeting. The division superintendent, city superintendent, or district supervisor, as the case
9 may be, shall prepare the budget of the school board concerned. Such budget shall be
10 supported by programs, projects, and activities of the school board for the ensuing fiscal
11 year. The affirmative vote of all the members shall be necessary to approve the budget.

12 (c) The annual school board budget shall give priority to the following:

- 13 (1) Construction, repair, and maintenance of school buildings and other facilities of
14 public elementary and secondary schools;
15 (2) Establishment and maintenance of extension classes where necessary; and
16 (3) [Sports activities at the division, district, municipal, and barangay levels]
17 PAYMENT OF SALARIES, ALLOWANCES, AND OTHER BENEFITS OF
18 TEACHERS INCLUDING THE CREATION OF TEACHER ITEMS FOR THE
19 SAID EXTENSION CLASSES, TEACHING AIDS, AND OTHER
20 INSTRUCTIONAL MATERIALS.”

SEC. 2. Section 235 of the same Code is hereby amended to read as follows:

“Sec. 235. Additional Levy on Real Property for the Special Education Fund. –

A SPECIAL EDUCATION FUND (SEF) IS HEREBY CREATED FOR EVERY LOCAL GOVERNMENT UNIT MENTIONED HEREUNDER TO BE FUNDED FROM THE ADDITIONAL LEVY ON REAL PROPERTY PRESCRIBED UNDER THIS SECTION.

A province, city, or municipality within the Metropolitan Manila Area, may levy and collect an annual tax of one percent (1%) on the assessed value of real property IN THEIR RESPECTIVE TERRITORIAL JURISDICTION which shall be in addition to the basic real property tax PROVIDED UNDER THIS CODE.

EVERY MUNICIPALITY OUTSIDE THE METROPOLITAN MANILA AREA MAY LIKEWISE LEVY AND COLLECT AN ANNUAL TAX OF ONE HALF PERCENT (1/2%), ON THE ASSESSED VALUE OF THE PROPERTY WITHIN SAID MUNICIPALITY. The proceeds OF THE ADDITIONAL LEVY STATED IN THE PRECEDING PARAGRAPHS thereof shall exclusively accrue to the Special Education Fund (SEF) OF THE LOCAL GOVERNMENT UNIT CONCERNED.

SEC. 3. Section 272 of the same Code is hereby amended to read as follows:

“Sec. 272. Application of Proceeds of the Additional One Percent Special Education Fund (SEF) Tax. –

The proceeds from the additional once percent (1%) tax on real property accruing to the Special Education Fund shall be automatically released to the local school boards; provided, that, in case of provinces, the proceeds shall be divided equally between the provincial and municipal school boards: Provided, however, that the proceeds shall be allocated for the operation and maintenance of public schools, construction and maintenance of additional school buildings and/or other related facilities as determined by the local school board. INCLUDING BUT NOT LIMITED TO THE FOLLOWING: PARENTS'-TEACHERS' ASSOCIATIONS AND/OR ASSEMBLY HALLS AND SCHOOL STAGES, PROCUREMENT OF SERVICE VEHICLES FOR USE IN THE TRANSPORT OF TEACHERS AND NON-TEACHING PERSONNEL, INSTALLATION OF COMPUTER SOFTWARE AND HARDWARE, PURCHASE AND/OR ACQUISITION OF LABORATORY EQUIPMENT, REPAIR AND MAINTENANCE OF ALL SUCH OTHER SCHOOL-RELATED EQUIPMENT AND FACILITIES, PAYMENT OF ELECTRIC AND WATER BILLS, EDUCATIONAL RESEARCH, PURCHASE OF PRESCRIBED TEXTBOOKS, PERIODICALS, AND OTHER REFERENCE MATERIALS, INSTRUCTIONAL MATERIALS, TEACHING AIDS, AND SPORTS DEVELOPMENT, PAYMENT OF SALARIES, ALLOWANCES AND OTHER BENEFITS OF TEACHING AND NON-TEACHING PERSONNEL, ESTABLISHMENT AND CREATION OF EXTENSION CLASSES INCLUDING THE CREATION OF NEW TEACHER ITEMS AS WELL AS CONTRACTUAL POSITIONS:

1 PROVIDED, THAT THE HIRING OF TEACHERS THEREFORE SHALL BE IN
2 ACCORDANCE WITH THE SELECTION AND PROMOTION SYSTEM OF THE
3 DEPARTMENT OF EDUCATION SUCH AS RANKING AND LOCALIZATION: PROVIDED,
4 FURTHER, THAT THE TEACHER HIRED SHALL BE PAID A SALARY EQUIVALENT TO
5 THAT RECEIVED BY A NATIONALLY PAID SCHOOL TEACHER, PROVIDED
6 FURTHERMORE, THAT THE SAID TEACHER SHALL BE ENTITLED, WHENEVER
7 POSSIBLE, TO THE SAME ALLOWANCES RECEIVED BY THE LATTER,
8 REMUNERATION OR HONORARIA OF VOLUNTEER SCHOOL TEACHERS;
9 SCHOLARSHIP AND TRAINING OF STUDENTS, TEACHERS, AND SCHOOL
10 ADMINISTRATORS AS WELL AS CONTRIBUTIONS TO SEMINARS, WORKSHOPS,
11 RESEARCH STUDIES, CONFERENCES AND MEETINGS FOR THE PUBLIC
12 EDUCATIONAL SECTOR.

13 THE RESPECTIVE LOCAL SCHOOL BOARDS OF A PROVINCE, CITY, OR
14 MUNICIPALITY WITHIN THE METRO MANILA AREA, INCLUDING THE LOCAL
15 SCHOOL BOARD OF A COMPONENT MUNICIPALITY OF A PROVINCE SHALL
16 DETERMINE THE SPECIFIC FUND ALLOCATION AS TO THE AMOUNT AND SCHEDULE
17 OF DISBURSEMENT OF THE SPECIFIC USES OF THE SCHOOL BOARD FUND BY VOTE
18 OF THE MAJORITY OF THE QUORUM OF THE LOCAL SCHOOL BOARD CONCERNED
19 PROVIDED, FURTHER THAT THE RESPECTIVE LOCAL SCHOOL BOARDS SHALL BE
20 AUTHORIZED TO EXTEND ASSISTANCE TO OTHER LOCAL SCHOOL BOARDS FOR
21 THE PURPOSES PREVIOUSLY PROVIDED.

22 A PROVINCE, CITY, OR MUNICIPALITY MAY USE THE SPECIAL EDUCATION
23 FUND (SEF) AS LOAN COLLATERAL IN OBTAINING A LOAN, CREDIT, OR
24 INDEBTEDNESS FROM ANY FINANCIAL INSTITUTION, ENTITY, OR INTERMEDIARY:
25 PROVIDED, THAT THE PURPOSE OF THE LOAN SHALL BE THE SAME AS THOSE
26 STATED ABOVE AS ALLOWABLE USES FOR THE SEF: PROVIDED, FURTHER, THAT
27 THE PROJECT TO BE FINANCED AND THE USE OF THE SEF AS COLLATERAL MUST BE
28 APPROVED BY THE MAJORITY OF ALL THE MEMBERS OF THE LOCAL SCHOOL
29 BOARD: PROVIDED, FURTHERMORE, THAT THE LOAN MUST BE INCLUDED IN THE
30 LOCAL GOVERNMENT UNIT'S BUDGET AND THERE MUST BE PROPER
31 APPROPRIATIONS FOR THE PURPOSE: PROVIDED, FURTHERMORE, THAT THE LOCAL
32 SCHOOL BOARD MUST AUTHORIZE THE TRANSFER OF THE SEF TO THE GENERAL
33 FUND, TO THE EXTENT NEEDED TO AMORTIZE LOANS DULY INCURRED BY THE
34 LOCAL GOVERNMENT UNIT: PROVIDED, FURTHERMORE, THAT THE PAYMENT OF
35 THE PRINCIPAL INTEREST, AND/OR OTHER COSTS SHALL BE CHARGEABLE TO SEF
36 OF THE BORROWING LOCAL GOVERNMENT: PROVIDED, FINALLY, THAT THE

1 LENDER INSTITUTION OR FINANCIAL INTERMEDIARY PROVIDING OT ARRANGING
2 THE LOAN OR CREDIT TO THE SCHOOL BOARD OF A PROVINCE, CITY, OR
3 MUNICIPALITY WITHIN THE METRO MANILA AREA SHALL BE ENTITLED TO AN
4 ASSIGNMENT OF THE CORRESPONDING PORTION OF THE FUND ACCRUING TO THE
5 LOCAL SCHOOL BOARD CONCERNED WHICH SHALL CONSTITUTE A PREFERRED OR
6 PRIORITY LIEN OR ENCUMBRANCE ON SAID FUND AND SAID LENDING INSTITUTION
7 OR INTERMEDIARY SHALL BE ENTITLED TO DEBIT THE ACCOUNT DEPOSIT OR
8 PLACEMENT OF THE BORROWING LOCAL SCHOOL BOARD AS AND WHEN PAYMENT
9 SCHEDULE OF THE LOAN, CREDIT OR INDEBTEDNESS BECOME DUE AND PAYABLE
10 WITHOUT NEED OF FURTHER NOTICE OR DEMAND TO THE LOCAL SCHOOL BOARD
11 TO ENSURE TIMELY PAYMENT OF SUCH LIABLITIES OR OBLIGATIONS OF THE
12 LOCAL SCHOOL BOARD CONCERNED.

13 **SEC. 4. *REPEALING CLAUSE.*** - All other laws, decrees, executive orders, and other
14 administrative issuances and parts thereof which are inconsistent with the provisions of this Act are
15 hereby modified, amended, superseded or repealed accordingly.

16 **SEC. 5. *EFFECTIVITY.*** - This Act shall take effect after fifteen (15) days following the
17 completion of its publication in the *Official Gazette* or any major daily newspaper of general
18 circulation in the Philippines.

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20 Approved,