

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7271



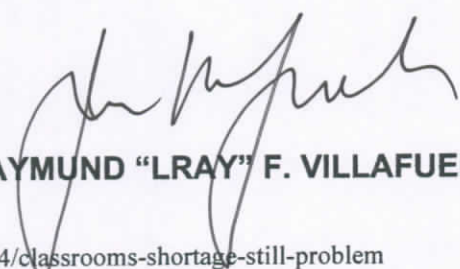
Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

Classroom shortage remains a burden on the education system in the country, affecting those from highly-populated areas to the rural schools. Despite the increase in the Department of Education's budget, the additional funding is still unable to cope with the current demand¹ as well as increase in the number of enrollees expected in the coming years. The agency plans to tackle this problem through "creative" strategies² such as high-rise school buildings and school communities outside urban centers. However, plans would fail to come to fruition without support from the State.

This bill intends to improve the levy and use of the Special Education Fund (SEF). The SEF is collected from the additional 1% tax on real property established under Republic Act No. 7160, or the Local Government Code. This bill proposes to amend the said RA to grant municipalities the power to levy and collect SEF. This intends to empower the Local Government Units and the local school boards and help support the funding problem for classroom shortages. The bill also proposes to expand the use of the SEF for the payment of honoraria for volunteer school teachers and use the SEF as payment or collateral for loans, debts or credits from lending institutions.

The approval of this bill is earnestly sought.


LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

¹ <http://www.philstar.com/cebu-news/2017/05/16/1700464/classrooms-shortage-still-problem>

² <https://www.rappler.com/nation/172372-deped-address-ph-classroom-shortage>

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Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

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 by the Senate and House of Representatives of the Philippines
in Congress assembled:*

**SECTION 1. *Section 100 of Republic Act No. 7160, otherwise known as the
"Local Government Code of 1992" is hereby amended to read as follows. – "Sec.
100 Meeting and Quorum; Budget. –***

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

- a. Construction, repair, and maintenance of school buildings and other facilities of public elementary and secondary schools;
 - b. Establishment and maintenance of extension classes where necessary; and
 - c. [Sports activities at the division, district, municipal, and barangay levels]
- PAYMENT OF SALARIES, ALLOWANCES, AND OTHER BENEFITS OF TEACHERS INCLUDING THE CREATION OF TEACHER ITEMS FOR THE SAID EXTENSION CLASSES, TEACHING AIDS, AND OTHER INSTRUCTIONAL MATERIALS."

SECTION 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.

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

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

A PROVINCE, CITY, OR MUNICIPALITY MAY USE THE SPECIAL EDUCATION FUND (SEF) AS LOAN COLLATERAL IN OBTAINING A LOAN, CREDIT, OR INDEBTEDNESS FROM ANY FINANCIAL INSTITUTION, ENTITY, OR INTERMEDIARY: PROVIDED, THAT THE PURPOSE OF THE LOAD SHALL BE THE SAME AS THOSE STATED ABOVE AS ALLOWABLE USES FOR THE SEF: PROVIDED, FURTHER, THAT THE PROJECT TO BE FINANCED AND THE USE OF THE SEF AS COLLATERAL MUST BE APPROVED BY THE MAJORITY OF ALL THE MEMBERS OF THE LOCAL SCHOOL BOARD: PROVIDED, FURTHERMORE, THAT THE LOAN MUST BE INCLUDED IN THE LOCAL GOVERNMENT UNIT'S BUDGET AND THERE MUST BE PROPER APPROPRIATIONS FOR THE PURPOSE PROVIDED, FURTHERMORE, THAT THE LOCAL SCHOOL BOARD MUST AUTHORIZE THE TRANSFER OF THE SEF TO THE GENERAL FUND, TO THE EXTENT NEEDED TO AMORTIZE LOANS DULY INCURRED BY THE LOCAL GOVERNMENT UNIT: PROVIDED, FURTHERMORE, THAT THE LOCAL SCHOOL BOARD MUST AUTHORIZE THE TRANSFER OF THE SEF TO THE GENERAL FUND, TO THE EXTENT NEEDED TO AMORTIZE LOANS DULY INCURRED BY THE LOCAL GOVERNMENT UNIT: PROVIDED, FURTHERMORE, THAT THE PAYMENT OF THE PRINCIPAL INTEREST, AND/OR OTHER COSTS SHALL BE CHARGEABLE TO SEF OF THE BORROWING LOCAL GOVERNMENT: PROVIDED, FINALLY, THAT THE LENDER INSTITUTION OR FINANCIAL INTERMEDIARY PROVIDING TO ARRANGING THE LOAN OR CREDIT TO THE SCHOOL BOARD OF A PROVINCE, CITY, OR MUNICIPALITY WITHIN THE METRO MANILA SHALL BE ENTITLED TO AN ASSIGNMENT OF THE

CORRESPONDING PORTION OF THE FUND ACCRUING TO THE LOCAL SCHOOL BOARD CONCERNED WHICH SHALL CONSTITUTE A PREFERRED OR PRIORITY LIEN OR ENCUMBRANCE ON SAID FUND AND SAID LENDING INSTITUTION OR INTERMEDIARY SHALL BE ENTITLED TO DEBIT THE ACCOUNT DEPOSIT OR PLACEMENT OF THE BORROWING LOCAL SCHOOL BOARD AS AND WHEN PAYMENT SCHEDULE OF THE LOAN, CREDIT OR INDEBTEDNESS BECOME DUE AND PAYABLE WITHOUT NEED OF FURTHER NOTICE OR DEMAND TO THE LOCAL SCHOOL BOARD TO ENSURE TIMELY PAYMENT OF SUCH LIABILITIES OR OBLIGATIONS OF THE LOCAL SCHOOL BOARD CONCERNED.

SECTION 4. *Repealing Clause.* – All other laws, decrees, executive orders, and other administrative issuances and parts thereof which are inconsistent with the provisions of this Act are hereby modified, amended, superseded or repealed accordingly.

SECTION 5. *Effectivity.* – This Act shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette or any major daily newspaper of general circulation in the Philippines.

Approved,