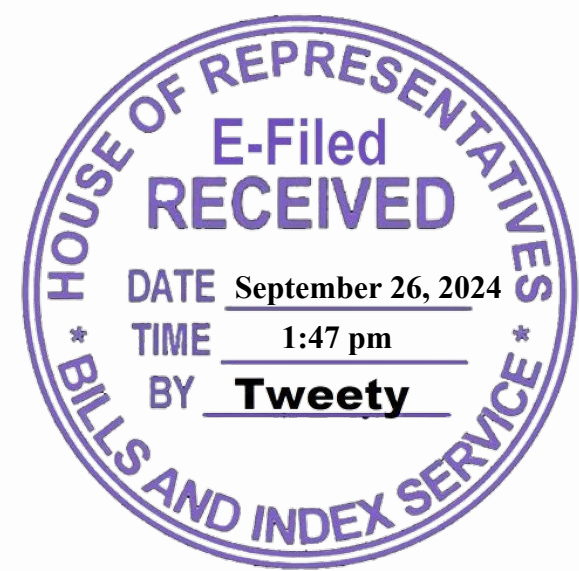




House Bill No. 10978

Introduced by Representative ROMMEL RICO T. ANGARA

AN ACT
EXPANDING THE PURPOSE AND APPLICATION OF THE SPECIAL EDUCATION
FUND, AMENDING FOR THE PURPOSE SECTION 272 OF REPUBLIC ACT NO.
7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE OF 1991"
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Under the Local Government Code of 1991 (LGC), the Special Education Fund, sourced from the additional levy of one percent of the assessed value of real property collected by local governments.¹ It further mandates that SEF proceeds shall be used "for the operation and maintenance of public schools, construction and repair of school buildings, facilities and equipment, educational research, purchase of books and periodicals, and sports development as determined and approved by the Local School Board."²

In 2011, the Philippine Institute for Development Studies assessed the application of the LGC and Republic Act No. 9155³ and found that although not inconsistent with each other, the provisions of the said laws are not congruent with one another and that the mismatches cause confusion and in general, a lack of clarity in the implementation of both laws especially with respect to the utilization of the SEF. Specifically, the study highlighted that the term "operation and maintenance of public schools" in Section 272 of the LGC is subject of varying interpretations which although gives local school boards flexibility to respond to actual needs at the level of the schools, it likewise blurs accountability considering that good expenditure assignment in fiscal decentralization requires clarity in the assignment of functions across levels of governments.

In the 16th Congress, the Senate Committee on Local Government, undertook a review of the Local Government Code and among the provisions covered by said review is the SEF. As a result of the hearing and the consultations made, a proposal to amend Section 272 was introduced by expanding the list of expenses where the proceeds of the fund may be used. By expanding the coverage of the SEF, the rights and due compensation of our education sector personnel and learners will be institutionalized and to give our future workforce a robust, more responsive support and boost Filipino competitiveness in the global economy.

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


ROMMEL RICO T. ANGARA

¹ Republic Act (R.A.) No. 7160, Sec. 235
² *ibid*, Sec. 272
³ Commission on Education (CCE) Report, 2011

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REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE "LOCAL
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Section 1. Section 272 of Republic Act No. 7160 is hereby amended to read as follows:

*"Sec. 272. Application of the Proceeds of the Additional One Percent SEF Tax. – The proceeds from the additional one percent (1%) tax on real property accruing to the Special Education Fund (SEF) 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 repair of school buildings, facilities and equipment, educational research, purchase of books and periodicals, and sports development as determined and approved by the Local School Board.]~~ **AS DETERMINED AND***

**APPROVED BY THE LOCAL SCHOOL BOARD, FOR THE FOLLOWING
EXPENSES:**

- 1. OPERATION AND MAINTENANCE OF PUBLIC SCHOOLS;**
- 2. ACQUISITION OF SCHOOL SITES OR LANDS;**
- 3. CONSTRUCTION AND REPAIR OF SCHOOL BUILDINGS,
LEARNING CENTERS, LIBRARIES, AND SCHOOL
DORMITORIES;**
- 4. FACILITIES AND EQUIPMENT INCLUDING BUT NOT
LIMITED TO INFORMATION TECHNOLOGY EQUIPMENT
AND COROLLARY SUPPORT SERVICES, SCHOOL
FURNITURE AND FIXTURES, MEDICAL AND DENTAL
SUPPLIES, AND INSTALLATION OF RADIO FREQUENCY
IDENTIFICATION (RFID) SYSTEM AND CLOSED-CIRCUIT
TELEVISION (CCTV);**
- 5. PURCHASE AND MAINTENANCE OF SERVICE VEHICLES;**
- 6. PAYMENT OF VOLUNTARY CONTRIBUTIONS AUTHORIZED
UNDER EXISTING LAWS;**
- 7. PAYMENT OF COMPENSATION AND AUTHORIZED
ALLOWANCES, COMPETENCY TRAININGS,
BENCHMARKING, AND OTHER BENEFITS OF LOCALLY-
HIRED TEACHING AND NON-TEACHING PERSONNEL:
PROVIDED, THAT THE RATES OF COMPENSATION AND
AUTHORIZED ALLOWANCES OF LOCALLY-HIRED
TEACHING AND NON-TEACHING PERSONNEL SHALL BE**

**DETERMINED BY THE LSB- BASED ON FUNDS AVAILABLE,
BUT AT RATES NOT TO EXCEED THE SALARY SCHEDULE
BEING IMPLEMENTED BY THE LGU CONCERNED;**

- 8. ANY ADDITIONAL AUTHORIZED ALLOWANCES GRANTED
BY LGUS TO NATIONALLY-HIRED TEACHING AND NON-
TEACHING PERSONNEL CHARGEABLE AGAINST THE SEF
AS OF 31 DECEMBER 1997: *PROVIDED*, THAT SUCH
ADDITIONAL AUTHORIZED ALLOWANCES GRANTED
THEREAFTER SHALL BE CHARGED TO THE GENERAL FUND:
PROVIDED, FURTHER, THAT IN CASE OF FOURTH TO SIXTH
CLASS MUNICIPALITIES, SUCH ADDITIONAL
AUTHORIZED ALLOWANCES MAY STILL BE CHARGED TO
SEF SO LONG AS THE SAME DOES NOT EXCEED 10%
THEREOF, SUBJECT TO EXISTING BUDGETING RULES AND
REGULATIONS;**
- 9. OPERATION OF (I) NON-FORMAL EDUCATION PROGRAMS,
(II) EARLY CHILDHOOD EDUCATION, (III) SPECIAL
EDUCATION, (IV) SENIOR HIGH SCHOOL, (V) OPEN HIGH
SCHOOL PROGRAM, (VI) MADRASAH CLASSES, AND (VII)
REMEDIAL CLASSES, INCLUDING THE PAYMENT OF
SALARIES, AUTHORIZED ALLOWANCES, AND OTHER
BENEFITS OF LOCALLY-HIRED TEACHING AND NON-
TEACHING PERSONNEL OF THE PROGRAM, AND THE
CONDUCT OF TEACHERS' COMPETENCY TRAININGS;**

- 10. OPERATION OF ALTERNATIVE LEARNING SYSTEM (ALS) INCLUDING PAYMENT OF SALARIES, AUTHORIZED ALLOWANCES AND OTHER BENEFITS OF THE LOCALLY-HIRED ALS LEARNING FACILITATORS;**
- 11. EDUCATIONAL RESEARCH AND STUDY TRIPS, INCLUDING PARTICIPATION IN ACADEMIC AND ATHLETIC COMPETITIONS;**
- 12. PURCHASE OF BOOKS AND PERIODICALS; AND**
- 13. SPORTS DEVELOPMENT.**

NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, ALL EXPENSES ENUMERATED UNDER THIS SECTION SHALL BE SUBJECT TO THE PREVAILING POLICIES AND GUIDELINES OF THE DEPARTMENT OF EDUCATION (DEPED).

ALL LOCAL SCHOOL BOARDS SHALL SUBMIT AN ANNUAL REPORT ON THE COLLECTION, ALLOCATION, AND UTILIZATION OF THE SPECIAL EDUCATION FUND TO THE BUREAU OF LOCAL GOVERNMENT FINANCE UNDER THE DEPARTMENT OF FINANCE (DOF-BLGF), COPY FURNISHED THE LOCAL SANGGUNIAN CONCERNED, REGIONAL OFFICES OF THE DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT (DILG), DEPED AND THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) ON OR BEFORE 31 MARCH OF THE SUCCEEDING YEAR.

THE DOF-BLGF SHALL THEN SUBMIT TO THE SENATE COMMITTEES ON LOCAL GOVERNMENT AND EDUCATION, ARTS AND CULTURE AND HOUSE COMMITTEES ON LOCAL GOVERNMENT AND BASIC EDUCATION

AND CULTURE, A CONSOLIDATED REPORT ON THE COLLECTION AND UTILIZATION OF THE SEF WITHIN NINETY (90) DAYS FROM RECEIPT OF REPORTS FROM THE LGUS.

ALL REPORTS ON THE SEF SHALL BE POSTED IN AT LEAST THREE CONSPICUOUS PUBLIC PLACES, WEBSITES OF ALL LOCAL GOVERNMENT UNITS, AND THE FULL DISCLOSURE POLICY PORTAL BEING ADMINISTERED BY DILG.

Sec. 2. *Implementing Rules and Regulations.* – The DILG, DEPED AND DBM, shall jointly promulgate the necessary rules and regulations for the faithful and effective implementation of the provisions of this Act within ninety (90) days from the date of its effectivity.

Sec. 3. *Repealing Clause.* – Any provision of laws, orders, agreements, rules, or regulations contrary to and inconsistent with this Act is hereby repealed, amended or modified accordingly.

Sec. 4. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication either in the *Official Gazette*, or in at least two (2) newspapers of general circulation.

Approved,