

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6035



Introduced by: Kababaihan Kabalikatan para sa Kapakanan at Kaunlaran ng Bayan (4K) Party-list
Representative Iris Marie D. Montes

AN ACT

EXPANDING THE APPLICATION OF THE PROCEEDS OF THE SPECIAL EDUCATION FUND, AMENDING FOR THE PURPOSE SECTIONS 235 AND 272 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE OF 1991"

EXPLANATORY NOTE

The Special Education Fund (SEF), established under the Local Government Code of 1991, was intended to support the delivery of basic education at the local level. The SEF is meant to finance key education-related expenditures such as the operation and maintenance of public schools, construction and repair of school buildings, educational research, procurement of books, and sports development, as determined by the local school board. However, more than three decades since the law's enactment, the allowable uses of the SEF remain narrowly defined under Section 272, limiting its potential to respond to the evolving and increasingly complex needs of the education sector.

Local government units (LGUs) are at the frontline of delivering education support services. Their responsibilities have expanded beyond the operation and maintenance of public schools to include urgent needs such as early childhood care, feeding programs, learning continuity, digital education, inclusive programs for learners with disabilities, and mental health services. These demands were made even more evident during the COVID-19 pandemic and in its aftermath, revealing critical service gaps and rigidities in the current law.

This bill seeks to expand the application of the SEF to align it with current education priorities, bridge service delivery gaps, and ensure a more responsive, inclusive, and holistic approach to local education governance. The bill proposes to:

- Enumerate an updated and comprehensive list of allowable SEF expenditures, including support for early childhood care and development, flexible learning, digital tools, Alternative Learning System (ALS), learners with disabilities, sports development, and academic recovery programs;

- Institutionalize a six-year SEF Investment Program aligned with local and education sector plans;

- Strengthen transparency through mandatory annual reporting and public disclosure of SEF utilization;

- Encourage the establishment of Local Education Offices to professionalize education governance at the local level;

- Promote inter-LGU cooperation for more efficient, equitable, and cost-effective delivery of education services; and

- Introduce a system of performance-based incentives for LGUs that demonstrate good fiscal governance and effective use of the SEF.

This measure enables the SEF to become more responsive to the evolving needs of learners and communities, by enhancing planning, strengthening accountability, and ensuring alignment with both local development priorities and national education goals. Available data from the Bureau of Local Government Finance and the Commission on Audit indicate that a significant portion of SEF collections remain unutilized each year due to outdated guidelines, unclear expenditure authority, and fragmented planning processes. This reform seeks to unlock these idle resources and direct them toward programs and services that directly support learners, teachers, and schools.

In expanding the SEF's application while ensuring transparency and efficiency, this measure empowers local school boards to become proactive agents of education reform and supports the shared goal of delivering accessible, inclusive, and quality education for all Filipino learners.

This bill is being filed as a counterpart measure to Senate Bill. No. 1316 of Senator Bam Aquino.

In view thereof, approval of this bill is earnestly sought.


IRIS MARIE D. MONTES

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

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

"Section 272. Application of the Proceeds of the Additional [One] TWO Percent SEF Tax. -The proceeds from the additional [one percent (1%)] TWO PERCENT (2%) 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, and-educational research, purchase of books and periodicals, and sports development as determined and approved by the local school board.], FOR THE FOLLOWING EXPENSES, AS DETERMINED AND APPROVED BY THE LOCAL SCHOOL BOARD:

1. OPERATION AND MAINTENANCE OF PUBLIC SCHOOLS, INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

a. PAYMENT OF COMPENSATION/ALLOWANCES OF LOCALLY-HIRED TEACHERS;

b. PAYMENT OF SALARIES/WAGES OF UTILITY WORKERS AND SECURITY GUARDS HIRED BUT HAVE NOT BEEN PROVIDED SUCH POSITION IN THE DEPED BUDGET;

c. PAYMENT OF HONORARIA AND ALLOWANCES OF LOCALLY-HIRED PERSONNEL, TRAINED AND QUALIFIED TUTORS AND LEARNING FACILITATORS;

d. ANY ADDITIONAL AUTHORIZED ALLOWANCES GRANTED BY LOCAL GOVERNMENT UNITS 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 (4TH) AND FIFTH (5TH) CLASS MUNICIPALITIES, SUCH ADDITIONAL AUTHORIZED ALLOWANCES MAY STILL BE CHARGED TO SEF AS LONG AS THE SAME DOES NOT EXCEED TEN PERCENT (10%) OF THEIR SEF, SUBJECT TO EXISTING BUDGETING RULES AND REGULATIONS;

e. PAYMENT OF EXPENSES PERTAINING TO THE OPERATION OF SCHOOLS, WHICH MAY INCLUDE, BUT NOT LIMITED TO UTILITIES;

f. COMMUNICATION EXPENSES SUCH AS BUT NOT LIMITED TO LANDLINE PHONE COMMUNICATION; LOAD FOR CALL, TEXT, AND DATA; MOBILE PHONE COMMUNICATION AND INTERNET CONNECTION;

g. PAYMENT OF SUBSCRIPTION FEES FOR VIDEOCONFERENCING OR REMOTE COMMUNICATION TOOLS/APPLICATIONS OR PLATFORMS;

h. PAYMENT OF EXPENSES RELATED TO THE CONDUCT OF CO-CURRICULAR AND OTHER LEARNER SUPPORT ACTIVITIES THAT PROMOTE HOLISTIC LEARNER DEVELOPMENT AND WELL-BEING, LEADERSHIP, AND VALUES AS MAY BE PROVIDED UNDER THE CORRESPONDING DEPARTMENT OF EDUCATION ISSUANCES;

i. ACQUISITION, PRODUCTION, REPRODUCTION, AND PRINTING OF LEARNING MATERIALS FOR LEARNERS SUCH AS ACTIVITY SHEETS, SELF-LEARNING MODULES, STUDY GUIDES, MANUALS, AND TEXTBOOKS APPROVED BY THE DEPARTMENT OF EDUCATION;

j. PURCHASE OF EXTERNAL STORAGE DEVICES;

k. PAYMENT OF VOLUNTARY CONTRIBUTIONS AUTHORIZED BY EXISTING LAWS;

l. PAYMENT OF COMPENSATION AND AUTHORIZED ALLOWANCES, COMPETENCY TRAININGS, BENCHMARKING, AND OTHER BENEFITS OF LOCALLY HIRED TEACHING AND NON-TEACHING PERSONNEL; AND

m. PAYMENT OF COST AND EXPENSES IN THE DISTRIBUTION AND RETRIEVAL OF LEARNING MATERIALS FOR THE LEARNERS SUCH AS, BUT NOT LIMITED TO, TRANSPORTATION EXPENSES OF DEPED PERSONNEL AND EXPENSES IN THE DISTRIBUTION ON THE RETRIEVAL OF SELF-LEARNING MODULES, AND SHIPMENT, DELIVERY, AND COURIER SERVICES;

2. OPERATION OF THE FOLLOWING EDUCATION PROGRAMS:

(I) SPECIAL EDUCATION, (II) OPEN HIGH SCHOOL CLASSES, (III) MADRASAH CLASSES, (IV) INDIGENOUS PEOPLES EDUCATION CLASSES, AND (V) FLEXIBLE LEARNING DELIVERY;

3. ACQUISITION AND TITLING OF SCHOOL SITES AND LANDS, AND, CONSTRUCTION, REPAIR, AND MAINTENANCE OF SCHOOL BUILDINGS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION, REPAIR AND MAINTENANCE

OF LEARNING CENTERS, LIBRARIES, SCHOOL DORMITORIES, AND CENTRAL KITCHENS.

4. ACQUISITION AND MAINTENANCE OF FACILITIES AND EQUIPMENT, INCLUDING BUT NOT LIMITED TO,

a. LABORATORY, TECHNICAL AND SIMILAR APPARATUS, INFORMATION TECHNOLOGY EQUIPMENT, AND COROLLARY SUPPORT SERVICES, PROVIDED, IT IS SUBJECT TO PREVAILING REQUIREMENTS AND SPECIFICATIONS OF THE DEPARTMENT OF EDUCATION, SUCH AS

i. PERSONAL COMPUTERS, LAPTOP COMPUTERS, TABLETS, NOTEBOOKS, AND SMARTPHONES;

ii. PRINTER, SCANNER, PHOTOCOPYING MACHINE, AND OTHER PRINTING OR PHOTOCOPYING EQUIPMENT AND THEIR CONSUMABLES;

iii. TELEVISION SET, ANTENNA OR CABLE SATELLITE CONNECTION, RADIO WITH AM/ FM CHANNEL, TWO-WAY RADIO FOR REMOTE OR OFF-GRID AREAS;

iv. RADIO FREQUENCY IDENTIFICATION (RFID) SYSTEM;

v. CLOSED-CIRCUIT TELEVISION (CCTV); AND

vi. PRIMARY AND SECONDARY BATTERIES, CAR BATTERIES AND SOLAR PANELS;

b. SCHOOL FURNITURE AND FIXTURES;

c. SERVICE VEHICLES; AND

d. PAYMENT OF EXPENSES PERTAINING TO THE OPERATION AND MAINTENANCE OF HEALTH FACILITIES.

5. EDUCATIONAL RESEARCH OTHER THAN RESEARCH SUBJECT AREAS FUNDED IN THE BUDGET OF THE DEPARTMENT OF EDUCATION, AND PRINTING OF INFORMATION, EDUCATION AND COMMUNICATION MATERIALS OF SOCIAL BEHAVIORAL CHANGE MATERIALS;

6. PURCHASE OF BOOKS AND PERIODICALS FOR THE LIBRARIES, INSTRUCTIONAL MATERIALS, WORKBOOKS AND TEXTBOOKS, AND ONLINE SUBSCRIPTIONS OF BOOKS, PERIODICALS AND JOURNALS, AND SOFTWARE;

7. SPORTS DEVELOPMENT, INCLUDING BUT NOT LIMITED TO,

a. EXPENSES FOR SCHOOL SPORTS ACTIVITIES AT THE NATIONAL, REGIONAL, DIVISION, DISTRICT, MUNICIPAL AND BARANGAY LEVELS, AS WELL AS FOR OTHER DEPARTMENT OF EDUCATION-RELATED ACTIVITIES;

b. CONSTRUCTION, REPAIR, AND MAINTENANCE OF SPORTS FACILITIES SUCH AS GYMNASIUMS AND SPORTS AREAS AND OTHER SIMILAR FACILITIES; AND

c. EXPENSES FOR SPORTS SUPPLIES AND EQUIPMENT UNDER THE APPROVED SPORTS SUPPLIES AND EQUIPMENT PROGRAM OF THE DEPARTMENT OF EDUCATION.

8. FUNDING FOR THE EARLY CHILDHOOD CARE AND DEVELOPMENT (ECCD) PROGRAM, INCLUDING BUT NOT LIMITED TO,

a. SALARIES/ALLOWANCES OF LOCALLY-HIRED CHILD DEVELOPMENT TEACHERS AND WORKERS;

b. ORGANIZATION AND SUPPORT OF PARENT COOPERATIVES TO ESTABLISH COMMUNITY-BASED ECCD PROGRAMS;

c. CONTINUING PROFESSIONAL DEVELOPMENT OF ECCD PUBLIC SERVICE PROVIDERS;

d. PROVISION OF FACILITIES FOR THE CONDUCT OF THE ECCD PROGRAM;

e. PAYMENT OF EXPENSES PERTAINING TO THE ESTABLISHMENT, CONVERSION, AND OPERATIONS OF THE NATIONAL CHILD DEVELOPMENT CENTERS (NCDCS), INCLUDING BUT NOT LIMITED TO UTILITIES AND COMMUNICATION; AND

f. IMPLEMENTATION OF OTHER DELIVERY MODES FOR EARLY CHILDHOOD CARE WHICH INCLUDE: (1) CENTER-BASED APPROACH; AND (2) HOME-BASED APPROACH;

9. FUNDING FOR THE IMPLEMENTATION OF THE NATIONAL FEEDING PROGRAM, INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

a. SUPPLEMENTAL FEEDING PROGRAM FOR CHILDREN IN CDCS AND DAYCARE CENTERS, AND THOSE IN SUPERVISED NEIGHBORHOOD PLAY (SNP);

b. SCHOOL-BASED FEEDING PROGRAM;

c. MILK FEEDING PROGRAM;

d. MICRONUTRIENT SUPPLEMENTS;

e. HEALTH EXAMINATION, VACCINATION, AND DEWORMING;

f. GULAYAN SA PAARALAN;

g. WATER, SANITATION, AND HYGIENE (WASH); AND

h. INTEGRATED NUTRITION EDUCATION, BEHAVIORAL TRANSFORMATION, AND SOCIAL MOBILIZATION;

10. FUNDING FOR THE IMPLEMENTATION OF THE ALTERNATIVE LEARNING SYSTEM (ALS), INCLUDING BUT NOT LIMITED TO, THE FOLLOWING:

- a. ENHANCEMENT OF LITERACY MAPPING;
- b. IDENTIFICATION AND MOBILIZATION AND PROSPECTIVE ALS LEARNERS;
- c. DEVELOPMENT AND MAINTENANCE OF CONDUCIVE LEARNING ENVIRONMENT SUCH AS COMMUNITY LEARNING CENTERS;
- d. PROVISION OF SUPPORT SERVICES TO ALS LEARNERS SUCH AS TRANSPORTATION, MEALS, AND ALLOWANCES;
- e. CAPACITY-BUILDING ACTIVITIES FOR ALS TEACHERS AND LEARNERS;
- f. PROVISION OF TEACHING AND LEARNING SUPPLIES AND EQUIPMENT;
- g. PRINTING AND REPRODUCTION OF ALS LEARNING RESOURCES;
- h. HIRING OF COMMUNITY ALS IMPLEMENTERS;
- i. SUPPORT FOR POST-PROGRAM ACTIVITIES; AND
- j. INTRODUCTION OF LOCAL INNOVATIONS.

11. FUNDING FOR DELIVERY OF SUPPORT AND RELATED SERVICES FOR LEARNERS WITH DISABILITIES, INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

- a. PROVISION OF SITES, BUILDINGS, OR CENTERS WHERE THERE ARE NO EXISTING SCHOOL FACILITIES;
- b. PROVISION OF ASSISTIVE DEVICES, INSTRUCTIONAL MATERIALS, AND TEACHER'S TRAINING;
- c. DELIVERY OF HEALTH AND NUTRITION SERVICES AND INTERVENTIONS AND EDUCATIONAL ASSESSMENT PROGRAMS FOR LEARNERS WITH DISABILITIES IN THEIR RESPECTIVE LOCALITIES THAT SHALL BE INITIATED BY THE DEPARTMENT OF HEALTH AND DEPARTMENT OF EDUCATION; AND
- d. PROVISION OF TRAINING ON LIVELIHOOD AND ENTREPRENEURIAL SKILLS, IN COORDINATION WITH DEPARTMENT OF LABOR AND EMPLOYMENT AND TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY;

12. FUNDING FOR THE IMPLEMENTATION OF THE PARENTS EFFECTIVENESS SERVICE (PES) PROGRAM, INCLUDING BUT NOT LIMITED TO, CONDUCT OF PARENT EFFECTIVENESS SESSIONS, AND PRODUCTION AND DISTRIBUTION OF PES MODULE MANUALS AND IEC MATERIALS TO PARENTS AND GUARDIANS;

13. FUNDING FOR THE IMPLEMENTATION OF THE ACADEMIC RECOVERY AND ACCESSIBLE LEARNING (ARAL) PROGRAM, INCLUDING BUT NOT LIMITED TO, REMUNERATION OF PARA-TEACHERS WHO SERVE AS TUTORS, AND PAYMENT OF EXPENSES ON DATA PLANS AND COMMUNICATION EXPENSES TO PARA-TEACHERS AND PRE-SERVICE TEACHERS;

14. FUNDING FOR LEARNER SUPPORT PROGRAMS, INCLUDING BUT NOT LIMITED TO, MENTAL HEALTH PROGRAMS AND CHILD PROTECTION PROGRAMS;

15. AS LOAN COLLATERAL FOR ANY OF THE AFOREMENTIONED PURPOSES: PROVIDED, THAT THE PROJECT TO BE FINANCED IS APPROVED BY THE LOCAL SCHOOL BOARD: PROVIDED, FURTHER, THAT THE LOCAL GOVERNMENT UNIT INCLUDES THE LOAN IN ITS BUDGET AND HAS PROVIDED THE PROPER APPROPRIATIONS THEREFOR; AND

16. ALL SUCH OTHER EXPENSES THAT MAY BE PROVIDED BY LAW, RULES AND REGULATIONS. 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 AND RELEVANT GOVERNMENT AGENCIES."

Sec. 2. Special Education Fund Investment Program. - A new Section 272-A is hereby inserted after Section 111 of RA No. 7160, to read as follows:

"SEC. 272-A. SPECIAL EDUCATION FUND INVESTMENT PROGRAM. - THE LOCAL SCHOOL BOARD IN EACH PROVINCE, CITY, OR MUNICIPALITY SHALL FORMULATE A SIX (6)-YEAR SEF INVESTMENT PROGRAM WHICH SHALL BE ALIGNED AND COMPLEMENTARY WITH THE LOCAL DEVELOPMENT INVESTMENT PROGRAM, IN ITS RESPECTIVE PROVINCE, CITY, OR MUNICIPALITY, AND THE SCHOOL IMPROVEMENT PLAN AND THE DIVISION EDUCATION DEVELOPMENT PLAN, IN ITS RESPECTIVE SCHOOL LEVEL AND DIVISION LEVEL WITHIN THE DEPARTMENT OF EDUCATION."

SEC. 3. *Reporting and Transparency.* - A new Section 272-B is hereby inserted after Section 272-A of RA No. 7160, to read as follows:

"SEC. 272-B. REPORTING AND TRANSPARENCY. - ALL LOCAL SCHOOL BOARDS SHALL SUBMIT AN ANNUAL REPORT ON THE COLLECTION, ALLOCATION, AND UTILIZATION OF THE SEF TO THE BUREAU OF LOCAL GOVERNMENT FINANCE UNDER THE DEPARTMENT OF FINANCE, COPY FURNISHED THE LOCAL SANGGUNIAN CONCERNED, REGIONAL OFFICES OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT, DEPARTMENT OF EDUCATION, AND THE DEPARTMENT OF BUDGET AND MANAGEMENT ON OR BEFORE 31 MARCH OF THE SUCCEEDING YEAR. THE BUREAU OF LOCAL GOVERNMENT FINANCE SHALL THEN SUBMIT TO THE SENATE COMMITTEES ON LOCAL GOVERNMENT AND BASIC EDUCATION AND THE 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 LOCAL GOVERNMENT UNITS."

ALL REPORTS ON THE SEF SHALL BE POSTED IN AT LEAST THREE (3) CONSPICUOUS PUBLIC PLACES, THE WEBSITES OF ALL LOCAL GOVERNMENT UNITS, AND THE FULL DISCLOSURE POLICY PORTAL BEING ADMINISTERED BY THE DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT."

SEC. 4. *Local Education Office.* - A new Section 272-C is hereby inserted after Section 272-B of RA No. 7160, to read as follows:

"SEC. 272-C. LOCAL EDUCATION OFFICE - EVERY LOCAL GOVERNMENT UNIT IS ENCOURAGED TO ESTABLISH A LOCAL EDUCATION OFFICE THAT SHALL BE RESPONSIBLE FOR MONITORING, COORDINATING, AND IMPLEMENTING EDUCATION PROGRAMS AND INITIATIVES WHICH ARE SPECIFICALLY FUNDED THROUGH THE SEF. THE ORGANIZATIONAL STRUCTURE AND STAFFING PATTERN OF THE LOCAL EDUCATION OFFICE SHALL TAKE INTO CONSIDERATION ITS SERVICE REQUIREMENTS AND THE LOCAL GOVERNMENT UNIT'S FINANCIAL CAPABILITY, SUBJECT TO THE MINIMUM STANDARDS AND GUIDELINES PRESCRIBED BY THE CIVIL SERVICE COMMISSION."

SEC. 5. *Inter-Local Cooperation.* - A new Section 272-D is hereby inserted after Section 272-C of RA No. 7160, to read as follows:

"SEC. 272-D. INTER-LOCAL COOPERATION. - LOCAL GOVERNMENT UNITS, THROUGH APPROPRIATE ORDINANCES, MAY ENTER INTO INTER-LOCAL COOPERATION AGREEMENTS FOR THE POOLING, SHARING, OR JOINT IMPLEMENTATION OF PROGRAMS FUNDED THROUGH THE SEF: PROVIDED, THAT COLLABORATION RESULTS IN ECONOMIES OF SCALE, EFFICIENCY IN RESOURCE USE, EQUITABLE DISTRIBUTION OF LEARNING OPPORTUNITIES AND OVERALL IMPROVEMENT OF THE EDUCATIONAL SYSTEM WITHIN THEIR REGION: PROVIDED, FURTHER, THAT COLLABORATION PROVIDES IMPROVED ACCESS TO EDUCATION SERVICES AND SUPPORT TO EARLY CHILDHOOD DEVELOPMENT, NUTRITION INTERVENTIONS, AND ALTERNATIVE LEARNING SYSTEMS."

SEC. 6. *Incentives For Compliant and Efficient Local Government Units.* - A new Section 272-E is hereby inserted after Section 272-D of RA No. 7160, to read as follows:

"SEC. 272-E. INCENTIVES FOR COMPLIANT AND EFFICIENT LOCAL GOVERNMENT UNITS. - TO PROMOTE FISCAL DISCIPLINE AND EFFECTIVE UTILIZATION OF THE SPECIAL EDUCATION FUND (SEF), LOCAL GOVERNMENT UNITS (LGUs) THAT DEMONSTRATE COMPLIANCE WITH THE REQUIREMENTS OF THIS ACT MAY BE ELIGIBLE FOR PERFORMANCE-BASED INCENTIVES, SUBJECT TO THE AVAILABILITY OF FUNDS AND GUIDELINES TO BE JOINTLY ISSUED BY THE DEPARTMENT OF FINANCE (DOF), DEPARTMENT OF EDUCATION (DEPED), DEPARTMENT OF BUDGET AND MANAGEMENT (DBM), AND DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG), IN CONSULTATION WITH STAKEHOLDERS. ELIGIBILITY FOR INCENTIVES SHALL BE BASED ON THE FOLLOWING CRITERIA:

1. SUBMISSION OF THE ANNUAL REPORT ON SEF COLLECTION, ALLOCATION, AND UTILIZATION IN ACCORDANCE WITH SECTION 272-B OF THIS ACT;

2. ALIGNMENT OF THE SEF INVESTMENT PROGRAM WITH THE LOCAL DEVELOPMENT INVESTMENT PROGRAM, SCHOOL IMPROVEMENT PLAN, AND DIVISION EDUCATION DEVELOPMENT PLAN, PURSUANT TO SECTION 272-A OF THIS ACT;

3. UTILIZATION RATE OF AT LEAST SEVENTY-FIVE PERCENT (75%) OF THE ANNUAL SEF BUDGET FOR EDUCATION PROGRAMS AND PROJECTS IN ACCORDANCE WITH THIS ACT;

4. ADHERENCE TO AUDIT AND PROCUREMENT RULES, AND ABSENCE OF ADVERSE FINDINGS IN COA REPORTS RELATING TO THE SEF; AND

5. COMPLIANCE WITH TRANSPARENCY REQUIREMENTS INCLUDING POSTING IN PUBLIC PLACES, WEBSITES, AND THE FULL DISCLOSURE POLICY PORTAL.

THE INCENTIVES MAY INCLUDE, BUT SHALL NOT BE LIMITED TO, THE FOLLOWING:

1. TECHNICAL ASSISTANCE AND PRIORITY ACCESS TO NATIONAL CAPACITY BUILDING PROGRAMS;

2. PREFERENCE IN GRANTING OF SUPPLEMENTAL OR EQUALIZATION FUNDS FOR EDUCATION-RELATED PROJECTS;

3. PRIORITIZATION IN NATIONAL GOVERNMENT-SUPPORTED INFRASTRUCTURE OR RESOURCE AUGMENTATION PROGRAMS; AND

4. CERTIFICATES OF GOOD FISCAL GOVERNANCE IN EDUCATION ISSUED JOINTLY BY DOF, DEPED, DBM, AND DILG, TO BE USED IN NATIONAL AWARDS OR SEALING PROGRAMS."

SEC. 7. *Implementing Rules and Regulations.* - The DILG, DEPED, DOF, and DBM, shall jointly promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act within one hundred eighty (180) days from the effectivity of this Act.

SEC. 8. *Separability Clause.* - If any part or provision of this Act is held unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby, shall continue to be in full force and effect.

SEC. 9. *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. 10. *Effectivity.* - This Act shall take effect fifteen (15) days after its complete publication either in the Official Gazette, or in a newspaper of general circulation.

Approved,