

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6622



Introduced by Representative **JESUS R. MARQUEZ**

EXPLANATORY NOTE

The delivery of quality basic education remains one of the most urgent responsibilities of local governments. While the Special Education Fund (SEF) has long provided critical support to our public schools, the evolving needs of our learners reveal that the limited and outdated allowable uses of the SEF can no longer adequately respond to present-day realities.

Three decades after the passage of the Local Government Code of 1991, the landscape of education has dramatically changed. Schools today must address digital learning, mental health support, early childhood development, sports and youth engagement, inclusive education for learners with disabilities, and academic recovery efforts brought about by learning losses. Local governments face these demands daily, yet many essential education programs remain outside the allowable scope of the SEF.

At the same time, data from national agencies show that a substantial portion of SEF collections remain unutilized each year—not because of the lack of need, but because local school boards are constrained by outdated guidelines and narrow expenditure authority. These idle resources could have otherwise been mobilized to directly support learners, teachers, and communities.

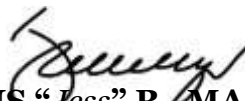
This bill seeks to modernize and expand the application of the Special Education Fund so that it may truly reflect today’s education priorities. By updating the list of allowable SEF expenditures, institutionalizing a long-term SEF Investment Program, strengthening reporting and transparency, and encouraging inter-local cooperation, the measure empowers local governments to more efficiently and effectively address the education needs of their constituents.

The proposal also supports the establishment of Local Education Offices to ensure professional coordination and program implementation, and introduces performance-based incentives for LGUs that demonstrate fiscal responsibility and innovation in the use of the SEF.

Through these reforms, the Special Education Fund can finally evolve into a more strategic, responsive, and transparent mechanism that strengthens local education

governance—ultimately ensuring improved access, equity, and quality for every Filipino learner.

In light of the foregoing, the immediate passage of this measure is earnestly sought.


JESUS “*Jess*” R. MARQUEZ

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6622

Introduced by Representative **JESUS R. MARQUEZ**

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”, AND FOR OTHER PURPOSES

Be it enacted by the Senate and 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;

- 1 **b. PAYMENT OF SALARIES/WAGES OF UTILITY**
2 **WORKERS AND SECURITY GUARDS HIRED BUT**
3 **HAVE NOT BEEN PROVIDED SUCH POSITION IN THE**
4 **DEPED BUDGET;**
- 5 **c. PAYMENT OF HONORARIA AND ALLOWANCES OF**
6 **LOCALLY-HIRED PERSONNEL, TRAINED AND**
7 **QUALIFIED TUTORS AND LEARNING FACILITATORS;**
- 8 **d. ANY ADDITIONAL AUTHORIZED ALLOWANCES**
9 **GRANTED BY LOCAL GOVERNMENT UNITS TO**
10 **NATIONALLY-HIRED TEACHING AND NON-**
11 **TEACHING PERSONNEL CHARGEABLE AGAINST THE**
12 **SEF AS OF 31 DECEMBER 1997: *PROVIDED*, THAT,**
13 **SUCH ADDITIONAL AUTHORIZED ALLOWANCES**
14 **GRANTED THEREAFTER SHALL BE CHARGED TO**
15 **THE GENERAL FUND: *PROVIDED FURTHER*, THAT,**
16 **IN CASE OF FOURTH (4TH) AND FIFTH (5TH) CLASS**
17 **MUNICIPALITIES, SUCH ADDITIONAL AUTHORIZED**
18 **ALLOWANCES MAY STILL BE CHARGED TO SEF AS**
19 **LONG AS THE SAME DOES NOT EXCEED TEN**
20 **PERCENT (10%) OF THEIR SEF, SUBJECT TO**
21 **EXISTING BUDGETING RULES AND REGULATIONS;**
- 22 **e. PAYMENT OF EXPENSES PERTAINING TO THE**
23 **OPERATION OF SCHOOLS, WHICH MAY INCLUDE,**
24 **BUT NOT LIMITED TO UTILITIES;**
- 25 **f. COMMUNICATION EXPENSES SUCH AS BUT NOT**
26 **LIMITED TO LANDLINE PHONE COMMUNICATION;**
27 **LOAD FOR CALL, TEXT, AND DATA; MOBILE PHONE**
28 **COMMUNICATION AND INTERNET CONNECTION;**
- 29 **g. PAYMENT OF SUBSCRIPTION FEES FOR**
30 **VIDEOCONFERENCING OR REMOTE**
31 **COMMUNICATION TOOLS/APPLICATIONS OR**
32 **PLATFORMS;**

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

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

14 **j. PURCHASE OF EXTERNAL STORAGE DEVICES;**

15 **k. PAYMENT OF VOLUNTARY CONTRIBUTIONS**
16 **AUTHORIZED BY EXISTING LAWS;**

17 **l. PAYMENT OF COMPENSATION AND AUTHORIZED**
18 **ALLOWANCES, COMPETENCY TRAININGS,**
19 **BENCHMARKING, AND OTHER BENEFITS OF**
20 **LOCALLY HIRED TEACHING AND NON-TEACHING**
21 **PERSONNEL; AND**

22 **m. PAYMENT OF COST AND EXPENSES IN THE**
23 **DISTRIBUTION AND RETRIEVAL OF LEARNING**
24 **MATERIALS FOR THE LEARNERS SUCH AS, BUT NOT**
25 **LIMITED TO, TRANSPORTATION EXPENSES OF**
26 **DEPED PERSONNEL AND EXPENSES IN THE**
27 **DISTRIBUTION ON THE RETRIEVAL OF SELF-**
28 **LEARNING MODULES, AND SHIPMENT, DELIVERY,**
29 **AND COURIER SERVICES;**

30 **2. OPERATION OF THE FOLLOWING EDUCATION**
31 **PROGRAMS: (I) SPECIAL EDUCATION, (II) OPEN HIGH**
32 **SCHOOL CLASSES, (III) MADRASAH CLASSES, (IV)**

1 **INDIGENOUS PEOPLES EDUCATION CLASSES, AND (V)**
2 **FLEXIBLE LEARNING DELIVERY;**

3 **3. ACQUISITION AND TITLING OF SCHOOL SITES AND**
4 **LANDS, AND, CONSTRUCTION, REPAIR, AND**
5 **MAINTENANCE OF SCHOOL BUILDINGS, INCLUDING BUT**
6 **NOT LIMITED TO, CONSTRUCTION, REPAIR AND**
7 **MAINTENANCE OF LEARNING CENTERS, LIBRARIES,**
8 **SCHOOL DORMITORIES, AND CENTRAL KITCHENS.**

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

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

17 **i. PERSONAL COMPUTERS, LAPTOP COMPUTERS,**
18 **TABLETS, NOTEBOOKS, AND SMARTPHONES;**

19 **ii. PRINTER, SCANNER, PHOTOCOPYING**
20 **MACHINE, AND OTHER PRINTING OR**
21 **PHOTOCOPYING EQUIPMENT AND THEIR**
22 **CONSUMABLES;**

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

27 **iv. RADIO FREQUENCY IDENTIFICATION (RFID)**
28 **SYSTEM;**

29 **v. CLOSED-CIRCUIT TELEVISION (CCTV); AND**

30 **vi. PRIMARY AND SECONDARY BATTERIES, CAR**
31 **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: (2) 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 CONDUCTIVE 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

1 TUTORS, AND PAYMENT OF EXPENSES ON DATA PLANS
2 AND COMMUNICATION EXPENSES TO PARA-TEACHERS
3 AND PRE-SERVICE TEACHERS;

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

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

14 16.ALL SUCH OTHER EXPENSES THAT MAY BE PROVIDED BY
15 LAW, RULES AND REGULATIONS.

16 NOTWITHSTANDING ANY PROVISION TO THE
17 CONTRARY, ALL EXPENSES ENUMERATED UNDER THIS
18 SECTION SHALL BE SUBJECT TO THE PREVAILING POLICIES
19 AND GUIDELINES OF THE DEPARTMENT OF EDUCATION AND
20 RELEVANT GOVERNMENT AGENCIES.”

21 **SEC. 2.** *Special Education Fund Investment Program.* – A new Section 272-A is
22 hereby inserted after Section 272 of RA No. 7160, to read as follows:

23 “SEC. 272-A. SPECIAL EDUCATION FUND INVESTMENT
24 PROGRAM. – THE LOCAL SCHOOL BOARD IN EACH
25 PROVINCE, CITY, OR MUNICIPALITY SHALL FORMULATE A
26 SIX (6)-YEAR SEF INVESTMENT PROGRAM WHICH SHALL BE
27 ALIGNED AND COMPLEMENTARY WITH THE LOCAL
28 DEVELOPMENT INVESTMENT PROGRAM, IN ITS RESPECTIVE
29 PROVINCE, CITY, OR MUNICIPALITY, AND THE SCHOOL
30 IMPROVEMENT PLAN AND THE DIVISION EDUCATION
31 DEVELOPMENT PLAN, IN ITS RESPECTIVE SCHOOL LEVEL
32 AND DIVISION LEVEL WITHIN THE DEPARTMENT OF
33 EDUCATION.”

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

3 **“SEC. 272-B. REPORTING AND TRANSPARENCY. – ALL LOCAL**
4 **SCHOOL BOARDS SHALL SUBMIT AN ANNUAL REPORT ON**
5 **THE COLLECTION, ALLOCATION, AND UTILIZATION OF THE**
6 **SEF TO THE BUREAU OF LOCAL GOVERNMENT FINANCE**
7 **UNDER THE DEPARTMENT OF FINANCE, COPY FURNISHED**
8 **THE LOCAL SANGGUNIAN CONCERNED, REGIONAL OFFICES**
9 **OF THE DEPARTMENT OF THE INTERIOR AND LOCAL**
10 **GOVERNMENT, DEPARTMENT OF EDUCATION, AND THE**
11 **DEPARTMENT OF BUDGET AND MANAGEMENT ON OR**
12 **BEFORE 31 MARCH OF THE SUCCEEDING YEAR.**

13 **THE BUREAU OF LOCAL GOVERNMENT FINANCE**
14 **SHALL THEN SUBMIT TO THE SENATE COMMITTEES ON**
15 **LOCAL GOVERNMENT AND BASIC EDUCATION AND THE**
16 **HOUSE COMMITTEES ON LOCAL GOVERNMENT AND BASIC**
17 **EDUCATION AND CULTURE A CONSOLIDATED REPORT ON**
18 **THE COLLECTION AND UTILIZATION OF THE SEF WITHIN**
19 **NINETY (90) DAYS FROM RECEIPT OF REPORTS FROM THE**
20 **LOCAL GOVERNMENT UNITS.**

21 **ALL REPORTS ON THE SEF SHALL BE POSTED IN AT**
22 **LEAST THREE (3) CONSPICUOUS PUBLIC PLACES, THE**
23 **WEBSITES OF ALL LOCAL GOVERNMENT UNITS, AND THE**
24 **FULL DISCLOSURE POLICY PORTAL BEING ADMINISTERED**
25 **BY THE DEPARTMENT OF INTERIOR AND LOCAL**
26 **GOVERNMENT.”**

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

29 **“SEC. 272-C. LOCAL EDUCATION OFFICE – EVERY LOCAL**
30 **GOVERNMENT UNIT IS ENCOURAGED TO ESTABLISH A**
31 **LOCAL EDUCATION OFFICE THAT SHALL BE RESPONSIBLE**
32 **FOR MONITORING, COORDINATING, AND IMPLEMENTING**
33 **EDUCATION PROGRAMS AND INITIATIVES WHICH ARE**
34 **SPECIFICALLY FUNDED THROUGH THE SEF. THE**

1 **ORGANIZATIONAL STRUCTURE AND STAFFING PATTERN OF**
2 **THE LOCAL EDUCATION OFFICE SHALL TAKE INTO**
3 **CONSIDERATION ITS SERVICE REQUIREMENTS AND THE**
4 **LOCAL GOVERNMENT UNIT’S FINANCIAL CAPABILITY,**
5 **SUBJECT TO THE MINIMUM STANDARDS AND GUIDELINES**
6 **PRESCRIBED BY THE CIVIL SERVICE COMMISSION.”**

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

9 **“SEC. 272-D. INTER-LOCAL COOPERATION. – LOCAL**
10 **GOVERNMENT UNITS, THROUGH APPROPRIATE**
11 **ORDINANCES, MAY ENTER INTO INTER-LOCAL**
12 **COOPERATION AGREEMENTS FOR THE POOLING, SHARING,**
13 **OR JOINT IMPLEMENTATION OF PROGRAMS FUNDED**
14 **THROUGH THE SEF: *PROVIDED*, THAT COLLABORATION**
15 **RESULTS IN ECONOMIES OF SCALE, EFFICIENCY IN**
16 **RESOURCE USE, EQUITABLE DISTRIBUTION OF LEARNING**
17 **OPPORTUNITIES AND OVERALL IMPROVEMENT OF THE**
18 **EDUCATIONAL SYSTEM WITHIN THEIR REGION: *PROVIDED*,**
19 **FURTHER, THAT COLLABORATION PROVIDES IMPROVED**
20 **ACCESS TO EDUCATION SERVICES AND SUPPORT TO EARLY**
21 **CHILDHOOD DEVELOPMENT, NUTRITION INTERVENTIONS,**
22 **AND ALTERNATIVE LEARNING SYSTEMS.”**

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

26 **“SEC. 272-E. INCENTIVES FOR COMPLIANT AND EFFICIENT**
27 **LOCAL GOVERNMENT UNITS. – TO PROMOTE FISCAL**
28 **DISCIPLINE AND EFFECTIVE UTILIZATION OF THE SPECIAL**
29 **EDUCATION FUND (SEF), LOCAL GOVERNMENT UNITS**
30 **(LGUs) THAT DEMONSTRATE COMPLIANCE WITH THE**
31 **REQUIREMENTS OF THIS ACT MAY BE ELIGIBLE FOR**
32 **PERFORMANCE-BASED INCENTIVES, SUBJECT TO THE**
33 **AVAILABILITY OF FUNDS AND GUIDELINES TO BE JOINTLY**
34 **ISSUED BY THE DEPARTMENT OF FINANCE (DOF),**
35 **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;**

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

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

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

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

15 **SEC. 9. *Repealing Clause.*** – Any provision of laws, orders, agreements, rules or
16 regulations contrary to and inconsistent with this Act is hereby repealed, amended or
17 modified accordingly.

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

20 *Approved,*