

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

SEVENTEETH CONGRESS

HOUSE BILL NO. **1885**

HOUSE OF REPRESENTATIVES	
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**Introduced by Rep. Florida P. Robes**

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#### EXPLANATORY NOTE

The 1987 Constitution mandates that priority is given to education, together with science and technology, arts, culture and sports. Said fundamental law further guarantees that all Filipinos are entitled to receive free quality basic education. As such, the bulk of the budget allocation for education is provided by the government through the Department of Education. This responsibility sprang from the country's commitment to honor international commitments to improve the delivery of education such as Millennium Development Goals, Education for All and now, Agenda 2030, to name a few. Since the national government has many other concerns, local government units are expected to take the cudgel by providing funding support to programs on basic education services. Thus, LGUs play a critical role in the realization of all efforts to develop the basic education sector.

To ensure this support, Republic Act No. 5447 was passed in support of education priorities in local level. The law mandates the collection of additional real property tax to constitute the Special Education Fund or SEF. The SEF was envisioned to fund construction and repair of elementary school buildings, payment and adjustment of salaries of teachers and other school related activities. Then, the enactment of Republic Act No. 7160 or the Local Government Code of 1991 specifically provided that one percent (1%) levy on real property shall accrue to the SEF. However, in so many instances, many local government units have mismanaged the fund. There seems a lack of greater transparency or accountability in the utilization of SEF allocation. Furthermore, the priorities for SEF are quite limited. Hence, this proposal.

This proposed measure seeks to expand the coverage of SEF and to provide a regulatory mechanism in its utilization and administration in order to maximize the financial support to basic education. It is in within this line that the approval of this measure is highly sought.



**FLORIDA P. ROBES**

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

SEVENTEETH CONGRESS

HOUSE BILL NO. 1885

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**Introduced by Rep. Florida P. Robes**

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**AN ACT EXPANDING THE SPECIAL EDUCATION FUND (SEF),  
REGULATING THE UTILIZATION OF THE SAME AND FOR OTHER  
PURPOSES**

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

**SECTION. 1. Title.** - This Act shall be known as the Special Education Fund Act.

**SEC. 2. Declaration of Policy.** It is hereby a declared policy of the State to maximize financial support to the operation and maintenance of school infrastructures and services through a complete, adequate and integrated basic public education system relevant to the goals of national development and ensuring that budget allocation and utilization of funds allotted for the purpose shall be properly managed and administered.

**SEC. 3. Special Education Fund (SEF).** A Special Education Fund (SEF) is hereby created for all local government units to be taken from the additional levy on real property within their respective territorial jurisdiction.

**SEC. 4. Fund Source of SEF.**- A province or city, or a municipality within Metropolitan Manila may levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax.

Local government units outside Metropolitan may likewise levy and collect an annual tax of one half percent (1/2%) on the assessed value of the property within their territorial jurisdiction, the proceeds of which shall exclusively accrue to the SEF of the concerned local government units.

The proceeds accruing to the 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.

**SEC. 5. Management of SEF.** – The SEF shall be managed, administered and allocated by the Local School Board established in every province, city, or municipality which shall be composed of:

(1) For provinces: the governor and the division superintendent of schools as chairperson and co-chairperson respectively; the chairperson of the committee on education of the sangguniang panlalawigan, the provincial treasurer, the chairperson of the "Pederasyon ng mga Sangguniang Kabataan", the duly elected president of the provincial federation of parents-teachers associations, the duly elected representative of the teachers' organizations, and the duly elected representative of the non-academic personnel of public schools, a representative from an accredited nongovernmental organization or peoples' organization advocating educational advancement and a senior citizen with a reputable background in educational management and supervision as members;

(2) For cities: the city mayor and the city superintendent of schools as chairperson and co-chairperson respectively; the chairperson of the committee on education of the sangguniang panlungsod, the city treasurer, the chairperson of the "Pederasyon ng mga Sangguniang Kabataan", the duly elected president of the federation of parents-teachers associations, the duly elected representative of the teachers' organizations, the duly elected representative of the non-academic personnel of public schools, representative from an accredited nongovernmental organization or peoples' organization advocating educational advancement and a senior citizen with a reputable background in educational management and supervision as members; and

(3) For municipalities: the municipal mayor and the district supervisor of schools as chairperson and co-chairperson respectively; the chairperson of the committee on education of the sangguniang bayan, the municipal treasurer, the chairperson of the "Pederasyon ng mga Sangguniang Kabataan", the duly elected president of the federation of parent-teacher associations, the duly elected representative of the teachers' organizations, the duly elected representative of the non-academic personnel of public schools, a representative from an accredited nongovernmental organization or peoples' organization advocating educational advancement and a senior citizen with a reputable background in educational management and supervision as members.

In the event that a province or city has two (2) or more school superintendents, and in the event that a municipality has two (2) or more district supervisors, the co-chairpersons of the local school board shall be determined as follows:

(1) The Department of Education shall designate the co-chairperson for the provincial and city school boards; and

(2) The division superintendent of schools shall designate the district supervisor who shall serve as co-chairperson of the municipal school board.

The local school board shall be mandated to perform the following functions:

- (a) Determine, in accordance with the criteria set by the Department of Education, the annual supplementary budgetary needs for the operation and maintenance of public schools within the province, city, or municipality, as the case may be, and the supplementary local cost of meeting such as needs, which shall be reflected in the form of an annual school board budget corresponding to its share of the proceeds of the special levy on real property constituting the Special Education Fund and such other sources of revenue as this Code and other laws or ordinances may provide;
- (b) Authorize the provincial, city or municipal treasurer, as the case may be, to disburse funds from the Special Education Fund pursuant to the budget prepared and in accordance with existing rules and regulations;
- (c) Serve as an advisory committee to the sanggunian concerned on educational matters such as, but not limited to, the necessity for and the uses of local appropriations for educational purposes;
- (d) Recommend changes in the names of public schools within the territorial jurisdiction of the local government unit for enactment by the sanggunian concerned;
- (e) Design and conceptualize the school building program subject to the approval of the sanggunian concerned; and
- (f) Undertake the site selection of public schools.

The Department of Education shall consult the concerned local school board on the appointment of division superintendents, district supervisors, school principals, and other school officials.

In the performance of the duties and responsibilities of the members of the local school boards, delegation of power shall not be allowed. Further, members shall be without compensation or remuneration except that the members who are not government officials or employees shall be entitled to necessary traveling expenses and allowances chargeable against the funds of the local school board concerned, subject to existing accounting and auditing rules and regulations.

**SEC. 6. Projects and Services to be Funded by SEF.** - The proceeds accruing to the SEF shall be allocated for the following purpose:

- (1) operation and maintenance of public schools, including but not limited to the payment of service utilities such as electric, water, phone and internet connection;

- (2) construction, maintenance and repair of all school properties such as buildings, laboratories and other school-related facilities and equipments;
- (3) educational research and professional development of teachers;
- (4) purchase of all educational books, reference, instructional materials and teaching aids;
- (5) salaries and other emoluments and benefits allotted for teaching and administrative personnel;
- (6) procurement of service vehicles for school related use;
- (7) establishment and maintenance of extension classes and campuses;
- (8) physical education and sports development;
- (9) establishment of special education and disability learning centers;
- (10) acquisition of school sites; and
- (11) other education related infrastructures, fixtures and services as may be determined and approved by the local school boards.

The abovementioned projects and services shall also be given priority by the local school boards in their respective annual budget.

**SEC. 7. Disbursement Procedure.** - The respective local school boards (LSB) of a province, city, or municipality within Metropolitan Manila, including the local school board of a component municipality of a province shall determine the specific uses, amount and schedule of disbursement of the Special Education Fund through a vote of the majority of the quorum of the concerned LSB.

A province, city, or municipality may use the SEF as loan collateral in obtaining a loan, credit, or indebtedness from any financial institution, entity, or intermediary on the following conditions:

- (a) The purpose of the loan shall be the same as those stated above as allowable uses for the SEF;
- (b) 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;
- (c) The loan must be included in the local government unit's budget and there must be proper appropriations for the purpose;



(d) The local school board must authorize the transfer of the SEF to the general fund to the extent needed to amortize the loans duly incurred by the LGU;

(e) The payment of the principal, interest, and other costs shall be chargeable to the SEF of the LGU as borrower;

(f) The lending institution or financial intermediary arranging loan or credit to the local school board be entitled to an assignment of the corresponding portion of the fund accruing to the local school board or to debit the account deposit or placement of the borrowing local school board when the loan, credit, or indebtedness become due and payable without demand.

**SEC. 8. Supplementary Fund Source.** The SEF may also be allocated from all revenue collections from excises on alcohol and tobacco products in accordance with Republic Act No. 10351 or the Sin Tax Law. Further, local government units may also source or generate funds for SEF through local initiatives within legal bounds. Lastly, other local school boards may render assistance subject to existing conditions.

**SEC. 9. Assistance to Low Class Local Government Units.** – The General Fund and Trust Funds of the low class local government units may be used to cover deficiencies in the SEF, in addition to the assistance which may be given by the Department of Education and loans, and under such terms and conditions as may be imposed by the local government unit.

**SEC. 10. Full Disclosure of Income and Expenditures from SEF.** - In consonance with transparency and accountability of government funds, full disclosure of the income and expenditures from SEF shall be deemed mandatory. It shall be done by posting in at least three (3) publicly accessible and conspicuous places in the local government unit a summary of all revenues collected and funds received including the appropriations and disbursements of such funds during the preceding fiscal year within thirty (30) days from the end of the fiscal year.

**SEC.11. Audit of SEF.**- The Commission on Audit, through local auditors, shall observe the following guidelines in the audit of SEF:

(a) For transactions still to be post-audited, the local auditor shall complete the post-audit without need of issuing the Notice of Disallowance (ND) but with the notation on the audit working papers that the issuance of the ND is held in abeyance until directed by COA Central Office through the Regional Directors concerned. Also, a notation that earlier similar transactions have already been disallowed, shall be reflected in the working papers, where applicable.

(b) For transactions where Notice of Disallowance have been prepared and issued to management, counting of the six months for the disallowance to mature shall be "ON HOLD" until directed by COA Central Office.

The Commission on Audit shall ensure that compliance to the provisions of this Act is strictly enforced and shall disallow in audit all expenditures found to be in violation of this Act.

Also, a reporting mechanism on the yearly accomplishments of the school at the district and division level shall be mandatory and a pre-requisite to the availment of the SEF.

**SEC. 12. Implementing Rules and Regulations.** – The Department of the Interior and Local Government and the Department of Budget and Management, in coordination with the Union of Local Authorities of the Philippines and the leagues of local chief executives shall promulgate within sixty (60) days the Implementing Rules and Regulations necessary to implement the provisions of this Act.

**SEC. 13. Repealing Clause.** – Pertinent provisions of Republic Act No. 7160 or the Local Government Code of 1991 are hereby amended. All laws, ordinances, rules and regulations, and other issuances or parts thereof which are inconsistent with this Act are hereby repealed or modified.

**SEC. 14. Separability Clause.** – If for any reason any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions thereof, shall not be repealed or modified.

**SEC. 15. Effectivity.** – This Act shall take effect fifteen (15) days from its publication in the Official Gazette or in any two newspapers of general circulation.

Approved,