

**NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
Third Regular Session

24 OCT 10 P3:26

SENATE

Senate Bill No. 2850

RECEIVED

Introduced by Senator **PIA S. CAYETANO**

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

Article XIV of the Constitution recognizes that "the State shall take into account regional and sectoral needs and conditions and shall encourage local planning in the development of educational policies and programs."¹

Local Government Units (LGUs) play a crucial role in the successful delivery of quality education to our students. The Local Government Code of 1991 (LGC) established the Special Education Fund (SEF), derived from an additional one percent (1%) levy on the assessed value of real property, which is collected by local government units.² The SEF is intended to fund essential aspects of public education, including the operation and maintenance of public schools, the construction and repair of school buildings, procurement of educational facilities and equipment, educational research, the purchase of books and periodicals, and sports development, as determined by the Local School Board.³

¹ Sec. 5, Art. XIV of the 1987 Constitution

² Republic Act (R.A.) No. 7160, Sec. 235

³ *Ibid*, Sec. 272

Studies, however, bring to light that SEF allocation is not maximized. In 2024, the Second Congressional Commission on Education (EDCOM 2) found that the SEF of LGUs are underutilized despite an increase in income. Based on EDCOM 2's analysis, SEF underutilization amounted to Php Fifteen billion (Php 15,000,000,000.00) in 2022, with underutilization highest in the cities at fifty-seven percent (57%).⁴

An evaluation of the Local Government Code and Republic Act No. 9155 revealed that while the two laws are not inherently in conflict, inconsistencies - particularly regarding the interpretation of "operation and maintenance of public schools" in Section 272 of the LGC - have led to confusion over the appropriate use of the SEF.⁵ This raised concerns about accountability and efficient fiscal decentralization.

This proposed bill aims to amend Section 272 of the LGC to broaden the scope of the Special Education Fund (SEF) usage. By clearly delineating the allowable uses of the SEF, this bill ensures that the resources are directed towards where they are most needed. This seeks to strengthen the education sector, ensure fair compensation for personnel, enhance resources for learners, and lay stronger foundations for the future workforce. This expansion is critical not only for addressing current educational challenges but also for enhancing the competitiveness of Filipino talent in the global economy.

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


PIA S. CAYETANO

⁴ LGU Special Education Fund underutilized, inequitable – EDCOM 2 . (2024, March 11). *The Second Congressional Commission on Education*. <https://edcom2.gov.ph/lgu-special-education-fund-underutilized/>

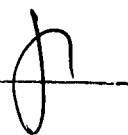
⁵ Orbeta, A. (2023, February 20). Comments on the Senate Bill Nos. 15 and 1633, 21st CENTURY SCHOOL BOARDS ACT and Senate Bill No. 1110, EXPANDING SPECIAL EDUCATION FUND. *Philippine Institute for Development Studies (PIDS)*.

https://pidswebs.pids.gov.ph/CDN/document/1676859471_63f2d84f3e4aa.pdf

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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:*

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

3 "Sec. 272. *Application of the Proceeds of the Additional One Percent SEF Tax. –*

4 The proceeds from the additional one percent (1%) tax on real property
5 accruing to the Special Education Fund (SEF) shall be automatically released to
6 the local school boards: *Provided*, That in case of provinces, the proceeds shall
7 be divided equally between the provincial and municipal school boards:

8 *Provided, however*, That the proceeds shall be allocated, ~~[for the operation and~~
9 ~~maintenance of public schools, construction and repair of school buildings,~~
10 ~~facilities and equipment, educational research, purchase of books and~~
11 ~~periodicals, and sports development as determined and approved by the Local~~

1 ~~School Board.]~~ **AS DETERMINED AND APPROVED BY THE LOCAL**
2 **SCHOOL BOARD, FOR THE FOLLOWING EXPENSES:**

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

1 AVAILABLE, BUT AT RATES NOT TO EXCEED THE SALARY
2 SCHEDULE BEING IMPLEMENTED BY THE LGU CONCERNED;

3 8. ANY ADDITIONAL AUTHORIZED ALLOWANCES GRANTED BY
4 LGUS TO NATIONALLY-HIRED TEACHING AND NON-
5 TEACHING PERSONNEL CHARGEABLE AGAINST THE SEF AS OF
6 31 DECEMBER 1997: *PROVIDED*, THAT SUCH ADDITIONAL
7 AUTHORIZED ALLOWANCES GRANTED THEREAFTER SHALL BE
8 CHARGED TO THE GENERAL FUND: *PROVIDED, FURTHER*,
9 THAT IN CASE OF FOURTH TO SIXTH CLASS MUNICIPALITIES,
10 SUCH ADDITIONAL AUTHORIZED ALLOWANCES MAY STILL BE
11 CHARGED TO SEF SO LONG AS THE SAME DOES NOT EXCEED
12 10% THEREOF, SUBJECT TO EXISTING BUDGETING RULES
13 AND REGULATIONS;

14 9. OPERATION OF (I) NON-FORMAL EDUCATION PROGRAMS,
15 (II) EARLY CHILDHOOD EDUCATION, (III) SPECIAL
16 EDUCATION, (IV) SENIOR HIGH SCHOOL, (V) OPEN HIGH
17 SCHOOL PROGRAM, (VI) MADRASAH CLASSES, AND (VII)
18 REMEDIAL CLASSES, INCLUDING THE PAYMENT OF SALARIES,
19 AUTHORIZED ALLOWANCES, AND OTHER BENEFITS OF
20 LOCALLY-HIRED TEACHING AND NON-TEACHING PERSONNEL
21 OF THE PROGRAM, AND THE CONDUCT OF TEACHERS'
22 COMPETENCY TRAININGS;

1 **10. OPERATION OF ALTERNATIVE LEARNING SYSTEM (ALS)**
2 **INCLUDING PAYMENT OF SALARIES, AUTHORIZED**
3 **ALLOWANCES AND OTHER BENEFITS OF THE LOCALLY-HIRED**
4 **ALS LEARNING FACILITATORS;**

5 **11. EDUCATIONAL RESEARCH AND STUDY TRIPS, INCLUDING**
6 **PARTICIPATION IN ACADEMIC AND ATHLETIC**
7 **COMPETITIONS;**

8 **12. PURCHASE OF BOOKS AND PERIODICALS; AND**

9 **13. SPORTS DEVELOPMENT.**

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

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

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

1 **COMMITTEES ON LOCAL GOVERNMENT AND BASIC EDUCATION AND CULTURE,**
2 **A CONSOLIDATED REPORT ON THE COLLECTION AND UTILIZATION OF THE SEF**
3 **WITHIN NINETY (90) DAYS FROM RECEIPT OF REPORTS FROM THE LGUS.**

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

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

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

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

Approved,