



ABC+ Advancing Basic Education in the Philippines

LCP CITIES' SYSTEM CAPACITY DEVELOPMENT (CI-CAP) PROJECT

**Challenges and Opportunities in
Financing the Education Requirements
of Early Grade Learners**

Baseline Report | September 30, 2020



The Asia Foundation



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Acronyms

ABC+	Advancing Basic Education in the Philippines Project
BE-LCP	Basic Education-Learning Continuity Plan
Ci-Cap	Cities' System Capacity Development Project
COA	Commission on Audit
DBM	Department of Budget and Management
DepEd	Department of Education
DILG	Department of the Interior and Local Government
EGL	early grade learner
IR	Intermediate results
JMC	Joint Memorandum Circular
K-3	kindergarten to grade 3
League	League of Cities of the Philippines
LGU	Local Government Unit
LSB	local school board
PHP	Philippine peso
PPA	programs, projects, and activities
SEL	socio-emotional learning
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The Asia Foundation (TAF) is an implementing partner of RTI International (RTI) (with SIL LEAD, and Florida State University) in the United States Agency for International Development (USAID) supported ABC+ Advancing Basic Education in the Philippines project in Regions V and VI.

TAF partnered with the League of Cities of the Philippines (LCP) to develop this baseline study on local government engagement in Early Grade Learning with the aim of identifying challenges and opportunities in financing the education requirements of early grade learners. While focusing broadly on the various financing options that might be available to LGUs, this study applies most attention to the Special Education Fund (SEF). This is for two reasons: 1) the SEF is specifically allocated for education with existing structures that support collaboration between the local education authorities and the LGUs; 2) while empirical work looked at multiple options across different target regions, the SEF was interpreted as the most relevant and impactful fund, with few other options identified that could make a meaningful impact.

The baseline was gathered through online surveys, discussions, and review of secondary data. This diverged from the initial planned methodology due to the Covid-19 pandemic, which made any travel and in-person meeting impossible. Furthermore, the difficulty in mobility and internet connectivity necessitated workarounds to allow LCP to robustly gather information in informing this study.

Objectives of Research

1. Identify income streams and alternative funding sources for cities to use to finance teacher training and learning materials for primary school children;
2. Identify gaps and challenges in planning, financial appropriations, and implementation of basic education programs, projects, and activities and policies; and
3. Increase local stakeholders' engagement in planning and implementing sustainable basic education services, programs, and policies (this is not a research objective, but was utilized for value for money and other considerations).

Key findings

It was anticipated that research would show that SEF funds are underutilized, to EGL as well as other grade levels. However, it was unanticipated that only a few LGUs contributed direct investment towards EGL. Most investments are distributed to basic education or just to all levels. Also surprising is that among Local Chief Executives (LCEs) there is limited understanding of why EGL is important and how it impacts higher education levels. More specifically, there is very limited awareness on the implementation of Mother Tongue Based Multilingual Education (MTB-MLE) amongst the LGUs.

From the findings of this research, the top SEF expenditures are capital outlay and Miscellaneous and Other Operating Expenses (MOOE) including construction, sports activities, and utility or maintenance of schools. From the 10 local governments that were covered by the baseline, only 3 LGUs (Iriga City, Iloilo City and Negros Occidental province) have specific allocations towards EGL. These specific allocations are either a specific EGL program or intended for K-3 learners. Research indicates that the utilization rate varies from as low as 20% to 100% or even more. The baseline analyzes data from 2016/2017 to 2019.

While spending remains a challenge, much of it reflects policy and guidelines related to SEF implementation. The LGUs covered had concerns and varying experiences with the Guidelines attached to the SEF - the Joint Memorandum Circular no. 1 of 2017. The LGUs note that these Guidelines are restrictive, that they experience constant findings showing unallowable expenses, and note that LGU interpretation of

the Guidelines varies per locality. With the ongoing pandemic and the requirements under DepEd's Basic Education Learning Continuity Plan (BE-LCP), the SEF is now in even greater demand. The shift to blended learning and the need for printing and distribution of learning materials, internet connectivity and learning support aides pushed the government, DepEd, DILG and DBM, to amend the 2017 guidelines to adapt to the new normal of blended learning. The second addendum to the 2017 guidelines was signed Oct 23, after research for this study was concluded.

The SEF allocation is decided upon by the Local School Board, with the Local Chief Executive (LCE) and the DepEd Schools Division Superintendent (SDS) or District Supervisor sitting as co-chairs. The baseline discovered that the frequency of LSB meetings varies per locality. Some LSBs meet regularly as mandated by law, and some meet as needed or even just yearly. In addition to variation in frequency, these meetings also differ qualitatively, based largely on key actors at the community level. There is also varying understanding of how the SEF is allocated. Some say that it is in the purview of the LCE. Some say that it is the DepEd SDS who decides on what gets allocated from the SEF. The LSB membership is indicated in the Local Government Code, however, not all LSBs have complete membership. There are also LGUs who have expanded their membership based on the needs of their locality, which shows positive results in inclusiveness and stakeholder buy in.

Although the SEF is a dedicated local fund for education and is taken from the Real Property Tax, it is still a small amount and differs across LGUs as based on size, wealth, and other factors. Based on local government income, the SEF is shown to be less than 5% of the total, which includes local tax revenue, non-tax revenues, the internal revenue allotment (IRA), LGU share in national wealth, inter-LGU transfers, and other external grants and subsidies. The fund share also varies across local government levels. Cities get 100% of RPT, while provinces and municipalities share in the RPT.

Key Recommendations

- SEF guidelines need to be more responsive to local needs, particularly the Basic Education Learning Continuity Plan (BE-LCP). Even prior to the pandemic, the SEF guidelines were acknowledged to be restrictive and not reflective of education-related requirements that local government should support. With New Normal blended learning implemented, requirements for

education expanded and changed. Local governments, especially the SEF, are expected to complement the national government budget. These new requirements need to be reflected in the SEF guidelines (As of October 23, 2020, the second addendum to the 2017 Joint Memorandum Circular no. 1 was released, which includes the BE-LCP requirements. The Leagues have been active in supporting and representing local government concerns with the three oversight agencies, DepEd, DBM and DILG. They are committed to monitor the implementation of this revised guidelines in the Ci-Cap areas and will continue to support this addendum through implementation).

- More private sector and civil society representation is needed to provide guidance to local government officials in the more effective planning and prioritization of SEF funds towards EGL. Expansion of LSBs is one avenue through which this could be accomplished. The Local Government Code has a list of members required in the LSB, however, given the changes in education system and needs, wider stakeholder participation is needed.
- There is a need to diversify resources for EGL, including the SEF, General Fund (GF) and other local income streams. As presented in the baseline, EGL investments are very limited and mostly emerge from the SEF. However, given the current demand of blended learning and the necessary health and safety protocols, the SEF is not enough in itself to complement the national government budget. Baseline research showed minimal investment coming from either there or other resources, such as loans.

There is the need to strengthen education planning between DepEd and LGUs through LSBs and other platforms. There is varying understanding and interpretation of how the LSBs plan for the use of the SEF. It was evident in the baseline that LGUs and DepEd differ in their understanding of their responsibilities within the LSB and specifically on the SEF allocation. Apart from the LSB, there are different platforms and mechanisms wherein the LGUs and DepEd plan independently, and these are not aligned with one another regarding timeline and process.

01 INTRODUCTION

The League of Cities of the Philippines (the League), in partnership with The Asia Foundation (the Foundation), and with funding from the United States Agency for International Development (USAID), is spearheading the Cities' System Capacity Development Project (Ci-Cap) in the Bicol and Western Visayas Regions. This is part of USAID's ABC+ project,¹ which is focusing on the following Intermediate Results (IR), which are to:

1. Improve instruction and learning delivery (IR1);
2. Improve access to quality materials (IR2); and
3. Ensure that improvements introduced by ABC+ can reach all schools in the target regions and be sustained (IR3)

The Ci-Cap project addresses IR3 through building and strengthening cities' education system capacity and cities' commitment to plan, mobilize, and manage resources to support improving children's learning outcomes at the primary level. In addition, the project aspires to enhance cities' capacity to collaborate with the Department of Education (DepEd) to harmonize their education programs. The following six (6) pilot cities are participating in the Ci-Cap project:

1. Iloilo City
2. Bacolod City
3. Iriga City
4. Legazpi City
5. Roxas City
6. Escalante City

¹ USAID's Advancing Basic Education in the Philippines Project (ABC+) was launched in July 2019 to support the efforts of DepEd to strengthen the quality of education in the Philippines. USAID and DepEd chose RTI International as the lead implementing body for the project's efforts to improve children's basic life skills in primary education (Kindergarten to Grade 3). Through its focus on systems strengthening, ABC+ is supporting the efforts of DepEd and other education stakeholders to address the interconnected factors that contribute to poor educational outcomes, and also to identify innovative and sustainable ways to address the challenges in improving children's literacy, numeracy, and socio-emotional learning.

Local Government Units (LGUs) and other local stakeholders have been encouraged to collaborate in providing the necessary support and resources for primary school children’s educational development.

Objectives and Expected Outputs

Generally, the Ci-Cap Project aims to mobilize cities and local stakeholders in the selected regions to support and sustain the improvements introduced in early grade learning outcomes by identifying income streams and alternative funding sources to finance critically needed basic education programs, projects, and activities (PPAs) at the primary level.

The Ci-Cap Project specifically intends to:

- a. Identify income streams and alternative funding sources for cities to use to finance teacher training and learning materials for primary school children;
- b. Identify gaps and challenges in planning, financial appropriations, and implementation of basic education PPAs and policies; and
- c. Increase local stakeholders’ engagement in planning and implementing sustainable basic education services, programs, and policies.

Figure 1 illustrates the strategic framework of the Ci-Cap Project. The project aims to: (S1) understand cities’ current approach to spending on education; (S2) address the policy challenges that limit spending from the Special Education Fund (SEF); and (S3) build cities’ capacity to allocate resources by identifying alternative income streams and funding sources for the primary level.

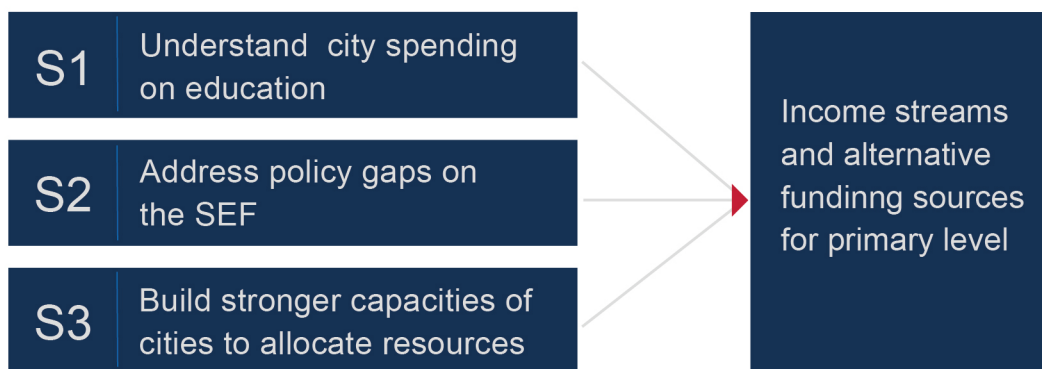


Figure 1. Strategic Framework

Methodology and Data Sources

Critical activities for each strategy in the strategic framework were identified to ensure that the three would lead to their desired outcomes. Both primary and secondary data were used to understand exactly how cities have been allocating resources for education, the capacities required to improve the allocation of resources, and how to build a supportive policy environment that will enable cities to carry out these functions.

As not all cities are created equal, not all cities have the same resources available. Thus, it is critical to understand exactly how cities spend on education, and the factors contributing to their behavior. In general, cities find their SEF restrictive and unresponsive to the needs of early grade learners. The Covid-19 pandemic has exacerbated the SEF's failure to finance key educational requirements such as teacher training and learning materials. The cessation of face-to-face learning as a result of the pandemic compelled identification of new requirements that need to be supported by the SEF, including the delivery of learning materials and the hiring of para-teachers (learning facilitators or learning support aides).

Travel restrictions and strict physical distancing requirements to stop the spread of Covid-19 have significantly impacted the League's ability to implement the Ci-Cap project. This has led to modifications from the research design presented in the project proposal, in which project team members were supposed to travel to the target regions in order to conduct focus group discussions and one-on-one interviews with education stakeholders. As a result of the new travel and health protocols, the research team had to conduct most of their planned activities virtually.

To determine the gaps in education financing at the local level, the team conducted an in-depth review of government education policies and programs, and analysis of SEF reports for the six Ci-Cap pilot cities from 2017 to 2019 vis-a-vis how national policy decisions affected SEF spending.

A 10-item rapid assessment survey was conducted with city administrators to determine how their city generally allocated the SEF, and to gather administrators' views on the current SEF utilization guidelines (see Annex "A"). The participants were expanded from the Ci-Cap pilot cities to those willing to take part in the survey, which is a total of 73. Secondary data were obtained from DepEd and the Department of Finance–Bureau of Local Government Finance, which were used to validate the data collected from the cities.

Policy dialogues were then organized to gather insights from oversight agencies about liberalization of the SEF utilization guidelines. The participants were staff from DepEd, the Department of Budget and Management (DBM), and the Department of the Interior and Local Government (DILG). These sessions were held in July and August 2020. Information was also drawn from the congressional hearings in which the League regularly participates that related to liberalization and utilization of the SEF.

After the Covid-19 pandemic began, the team held a dialogue with the DepEd Regional Offices that have jurisdiction in the Ci-Cap pilot cities. This dialog provided a regional overview of efforts to implement the Basic Education-Learning Continuity Plan (BE-LCP), as well as the corresponding educational financing implications that the plan will have at the local level.

To ensure the quality of the project’s key deliverables, the project team hired local city coordinators to gather data from the project cities and help them to better understand the situation at the local level. To supplement the quantitative data gathered for the project, the League hosted a number of deep-dive sessions with the Ci-Cap cities’ focal staff and coordinators that were held in August and September 2020.



Figure 2. Deep dive sessions with Ci-Cap Cities

02 DATA FINDINGS AND ANALYSIS

Special Education Fund Policy Challenges

A supportive policy enabling environment is a critical requirement for strategic investments to improve Kindergarten to Grade 3 (K–3) learning. Cities' SEF is governed by Sections 100 (c) and 272 of the Local Government Code, and the corresponding Joint Memorandum Circulars issued by the oversight agencies in the national government.

SEC. 100. *Meetings and Quorum; Budget.*

- (a) The local school board shall meet at least once a month or as often as may be necessary.
- (c) The annual school board budget shall give priority to the following:
 - (1) Construction, repair, and maintenance of school buildings and other facilities of public elementary and secondary schools;
 - (2) Establishment and maintenance of extension classes, where necessary; and
 - (3) Sports activities at the division, district, municipal, and barangay levels.

SEC 272. *Application of 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 allotted 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.

The League has consistently argued for the liberalization of the SEF guidelines in order to enhance cities' flexibility with how they spend their SEF funds. However, in doing so, they have encountered persistent policy challenges. This section discusses those policy challenges in detail and also identifies possible opportunities to improve the educational outcomes for K–3 learners.

A review of the data collected from the Department of Finance–Bureau of Local Government and Finance show that in 2018, cities were only able to use about 60.50% of their SEF, which is a suboptimal rate. The data on poor SEF utilization reflect the difficulties that many cities face in using their SEF.

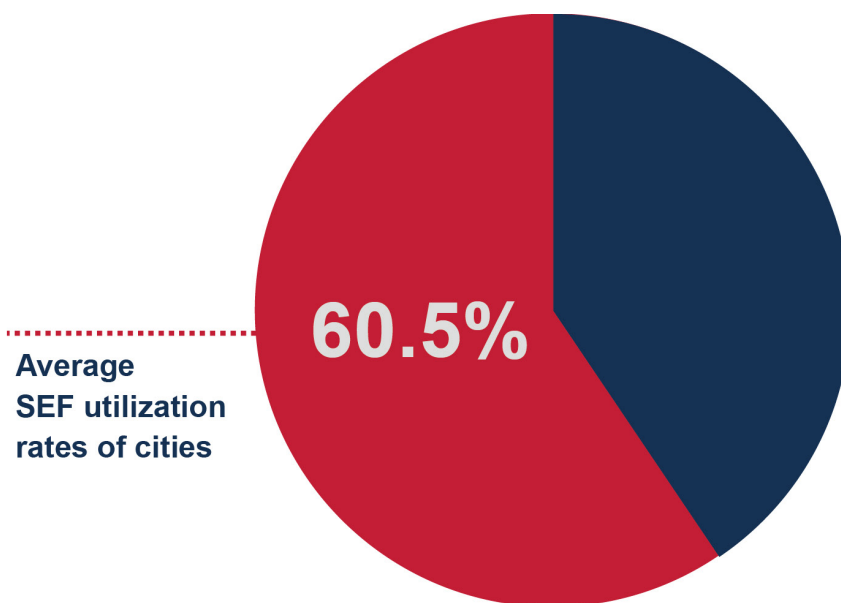


Figure 3. 2019 SEF Utilization Rate of Cities (Source: DOF - BLGF)

It should be noted that the latest comprehensively amended SEF guidelines, issued in 2017, is a significant improvement from the previous version issued in 1998. The 2017 guidelines (**see Annex “B”**) allow more education-related expenses to be charged against the SEF. Prior to the 2017 revision, these expenses were often rejected by the Commission on Audit (CoA). The CoA’s varying interpretations about which expenses could be charged to the SEF is a constant source of confusion for cities, and has led to conservative SEF spending in some cities. Nevertheless, despite the amendments to SEF policies in 2017 that expanded the list of allowable items, the guidelines on the utilization of the SEF are still considered too restrictive by most cities.

In the survey conducted by the League with its city members, the top reasons for their low SEF utilization were as follows:

- 76% of respondents reported that their city had expenses that could not be charged to the SEF
- 72% of respondents considered that the SEF guidelines were too restrictive
- 55% of respondents reported that they did not have enough leeway in using the SEF

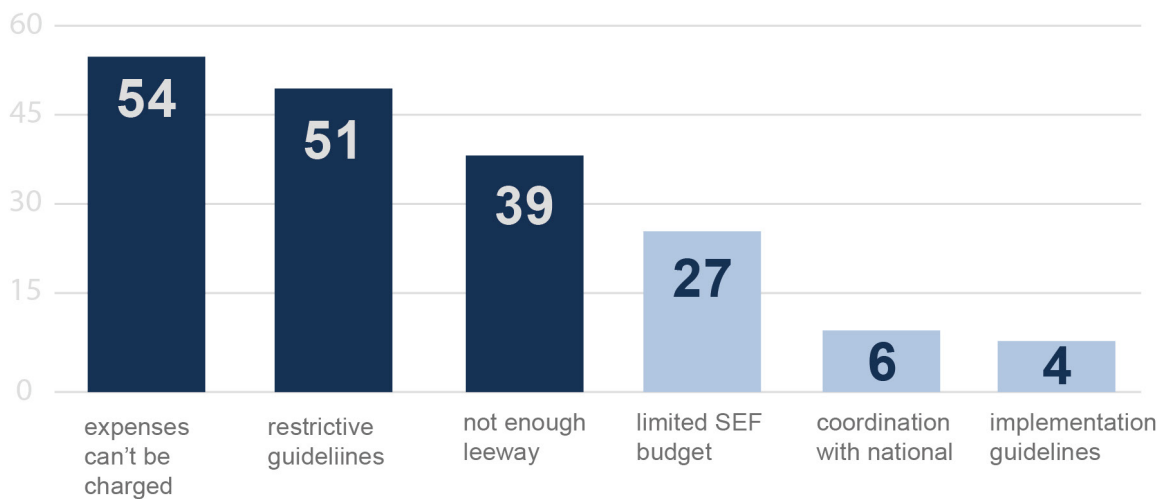


Figure 4. Challenges in SEF Utilization

The common theme across the top three challenges presented in Figure 5 concerns cities’ ability to charge educational expenses under the existing SEF guidelines. This study’s survey results confirm the need to further pursue SEF liberalization to ensure that the fund is responsive to learners’ needs, which can vary with the local context.

This entails continuous conversations with national oversight agencies to review and amend the existing Joint Circulars. Alternatively, amendments could be made to the Local Government Code.

As a result of the Covid-19 pandemic, immediate drastic reform of the education system is required in order to adapt to the new normal in time for schools' opening in October 2020. As cities prepare for the coming school year, they must be able to fully maximize use of their SEF, which means that further liberalization of the SEF guidelines is all the more urgent so that they can respond to the requirements of DepEd's learning continuity plan.

Advocacy Efforts to Update the SEF Guidelines During the Pandemic

The League conducted three major activities to engage the oversight agencies—DepEd, DBM, and DILG, and facilitate amendment of the Joint Memorandum Circular (JMC):

1. A webinar held on July 10, 2020 with DepEd Undersecretary, Annalyn Sevilla, on the key components of the Basic Education Continuity Plan (BE-LCP);
2. A policy dialogue held on August 3, 2020 with DILG on the proposed addendums to the JMC that were specifically on Covid-19-related items; and
3. A policy dialogue held on August 11, 2020 with DBM, DILG, and DepEd to achieve consensus on the amendments to the JMC.

As a result of the national government's instruction to the LGUs to support the opening of classes, city mayors invited DepEd to a dialogue on July 10, 2020 to further clarify the role of local governments in implementing the Basic Education–Learning Continuity Plan (BE-LCP) that is expected to guide the delivery of basic education during the Covid-19 pandemic. Through this webinar, DepEd Undersecretary, [REDACTED] [REDACTED] and city mayors tackled local issues regarding re-opening classes and implementation of blended learning, which DepEd has proposed for the upcoming school year.

The session provided an overview of DepEd's BE-LCP, as well as strategies for funding the effective implementation of the program. Some of these strategies include recalibration of the agency's budget; utilization of the SEF, in coordination with the LGUs; access to official development assistance; and maximization of private sector contributions. It was also disclosed that DepEd, DILG, and DBM are currently discussing proposed amendments to the 2017 Joint Circular on SEF utilization

that would allow and facilitate local governments' expenditures that are related to implementation of the BE-LCP.

During the policy dialogue with the DILG representatives that was held on August 3, 2020, DILG assured the League that it is very supportive of the League's proposal to update the SEF guidelines to address schools' pandemic-related needs. In this dialogue, city representatives articulated their challenges in preparing for school opening. These challenges include the mobilization of parents and the community to support home schooling, provision of the infrastructure needed for learning spaces, expansion of Internet connectivity, reproduction and distribution of learning and instructional materials, and K–3 learners' difficulties to blended learning.

Two proposed addendums to the current Joint Circular on the SEF were presented by the DILG. As of 27 August 2020, Addendum No. 1 was released that supports implementation of the Republic Act 11037 or the Masustansyang Pagkain para sa Batang Pilipino which includes support for the National Feeding Program **(see Annex "C")**. Item 1.1. of this Joint Circular No.1, Series of 2020, benefits K–3 learners.

Addendum No. 2 that contains provisions associated with Covid-19-related expenses and implementation of BE-LCP, was signed in October 2020. Among others, this draft addendum includes the printing of learning modules, textbooks, and study guides; honoraria for teachers and locally-hired para-teachers; Internet connectivity costs; and transportation expenses related to carrying out the full implementation of modular learning. **(see Annex "D")**.

DILG also demonstrated its support for the League to lobby for Senate Bill 1579 that Senator Gatchalian has proposed to add a negative list in the SEF guidelines, and amend the Local Government Code's positive list on SEF use.²

On August 11, 2020, high-ranking national DBM, DILG, and DepEd members met online with mayors and other representatives from the cities of Bacolod, Escalante, Roxas, Iriga, Legazpi, and Iloilo for a policy dialogue on the proposed amendments to the DepEd-DBM-DILG Joint Memorandum Circular (JMC) No. 1, s. 2017 (the Revised Guidelines on the use of the Special Education Fund (SEF) by local governments). The updating of the JMC marks progress for cities' long-standing appeal to liberalize use of the SEF—a reform that has become urgent, given Local Government Units' tremendous task in ensuring that learning will continue through implementation of

² *Positive list presents specific items that are allowed to be spent for using the Special Education Fund. A negative list presents specific items that are not allowed to be spent for using the Special Education Fund.*

DepEd's BE-LCP in preparation for the upcoming 'stay at home' school year that was set to start on October 5, 2020.

At time of the August meeting, DepEd spearheaded adoption of the latest JMC addendum to clarify the terms for using the SEF in implementing the BE-LCP in response to Covid-19. Secretary [REDACTED] [REDACTED] of the DBM expressed his intent to sign the new JMC once DepEd had responded to the issues raised during the August meeting. The senator also emphasized the importance of maintaining the LGUs' fiscal autonomy, and he called on his fellow Cabinet members to acknowledge that the SEF is a locally-governed fund. DILG Undersecretary, [REDACTED] [REDACTED] reiterated the DILG's commitment to the LGUs having full autonomy in deciding how to use the SEF, which has been evident in the DILG's push for including a negative list in the JMC addendum.

During the dialogue, Mayor [REDACTED] [REDACTED] the League of Cities Representative for Region V and Iriga City, appealed for greater financial support from the national government for cities that have low SEF collections because of their city's classification, and main source of income. Their SEF is small, she said, and even if it was fully used, the city would be unable to adopt DepEd's BE-LCP. This appeal for more funds was supported by the results of the League's survey that showed that 60% of cities in the country need supplementary support from the national government so that they can finance the costs of implementing the BE-LCP. These cities comprise those with a low SEF collection, and those with an increase in learners, which will eventually negatively impact their high SEF collection.

Those attending the August dialogue expressed the need to agree on a version of the JMC that would be acceptable to the DILG, DBM, and DepEd as further clarification is needed in the JMC regarding the LGUs hiring additional teachers, preventing duplication of items that might be charged to both the SEF and the national budget, and the allowances given to nationally-hired teachers.

Advocacy efforts to Amend the Local Government Code for Sustainable Education Financing

In both Houses of Congress, there are two proposed amendments to the Local Government Code that have implications for the SEF: Senate Bill 1579 that Senator [REDACTED] has authored, with strong support from the Synergeia Foundation; and the Unnumbered House Bill that Congressman [REDACTED] [REDACTED] has proposed. In the Senate, both bills have been heard at the technical working group level, but have yet to be approved at the committee level. As of December 2020, the

unnumbered substitute bill was pending approval at the committee level in the House of Representatives, and review of the bill had yet to be scheduled due to ongoing budget deliberations.

The diagram below shows the similarities and differences between the two pending bills on SEF amendments: SBN 1579, and Unnumbered House Bill.

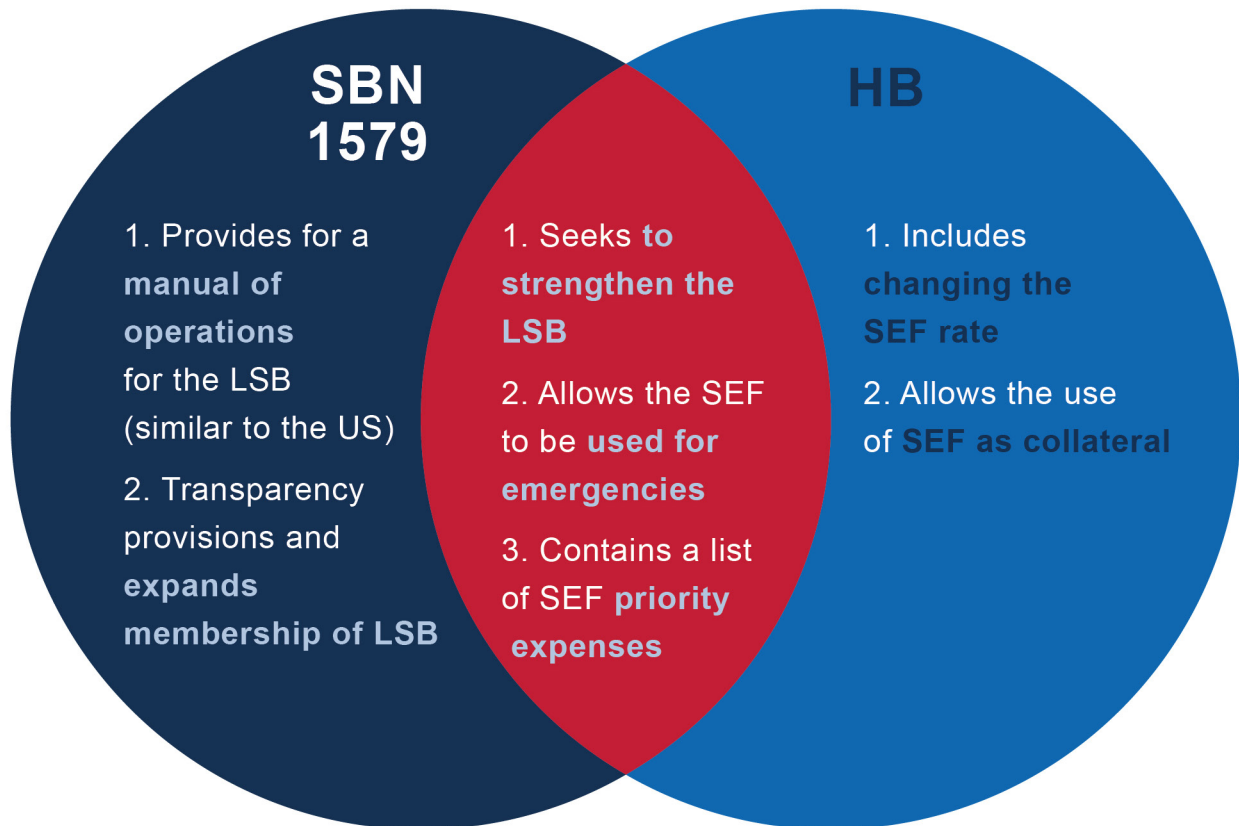


Figure 5. Similarities and differences between SBN 1597 and the Unnumbered House Bill

The similarities between both bills include:

1. strengthening the role of the local school board;
2. allowing the use of the SEF for emergencies; and
3. specifying a list of SEF priority expenses.

The bills also have distinct provisions. The Senate bill has provisions that expand the membership of the local school board, and would provide an operations manual to guide local school boards in local planning and budgeting. In contrast, the House

bill includes provisions that increase the financing options available to LGUs for use of the SEF. The provisions of both bills would contribute to revolutionizing how cities use the SEF, and strengthen the role of local school boards in strategic planning and allocating funds in order to achieve optimal educational outcomes. As of December 2020, no committee meetings to approve these reforms had been scheduled.

Trend in Local Education Financing

In order to identify income streams and alternative funding sources for cities to use in financing better education for children in primary school, this study took a closer look to identify general trends in cities' behavior with respect to financing education. A comparative analysis was also undertaken with regard to the level of SEF collections, and the education items usually charged to the SEF, and allowed by the CoA.

Table 1 on the rapid assessment survey lists the 10 cities out of 73 respondents with the highest SEF collections. The SEF receipts from these top 10 cities range from U.S. Dollar (USD) 39,521,991.20 to USD 72,836.01. Cities that have the highest SEF collections are also in the first and special income classes. The relatively high assessed values for real property in these areas is a result of the high proportion of commercial and industrial properties that contribute to the significant SEF collection in these cities. It is also notable that most of these 10 cities are on the island of Luzon, and the top four are in the National Capital Region.

Table 1. Cities with Highest SEF Collections

	CITY	AMOUNT	ISLAND GROUP	CITY TYPE	INCOME CLASS
1	Quezon City	1,940,994,190.43	Luzon	HUC	Special class
2	Pasay	1,006,875,035.29	Luzon	HUC	1st class
3	Paranaque	694,415,992.79	Luzon	HUC	1st class
4	Valenzuela	651,836,810.00	Luzon	HUC	1st class
5	Santa Rosa	497,495,453.76	Luzon	Component	1st class
6	Iloilo	443,370,273.56	Visayas	HUC	1st class

	CITY	AMOUNT	ISLAND GROUP	CITY TYPE	INCOME CLASS
7	Batangas	412,867,655.37	Luzon	Component	1st class
8	Antipolo	363,415,482.24	Luzon	Component	1st class
9	Cagayan De Oro	329,756,253.18	Mindanao	HUC	1st class
10	Cebu	315,340,317.65	Visayas	HUC	1st class

Out of the six Ci-Cap pilot cities, only Iloilo City ranked among the cities with the highest SEF collection—6th out of 10, with an average SEF collection of PHP 443 million. Iloilo City also shares similar traits with the rest of the cities in the list, namely, it is highly urbanized, with a large number of commercial, residential, and industrial properties.

With respect to the SEF utilization rate, Table 2 presents the 10 cities with the highest SEF utilization rate, based on their average SEF collections and expenses from 2017 to 2019. The utilization rate was computed by dividing the total declared education expenses of each city by its SEF receipts. The SEF utilization was categorized by the League through identifying the median for the data collected, and then determining the ranges for low (PHP 21 million, and below), average (PHP 21 million to PHP 169 million), and high (PHP 169 million, and above) utilization.

With regard to the six Ci-Cap pilot cities, only Roxas City ranked among the top 10 cities with the highest SEF utilization rate, placing second on the list with an average SEF utilization rate of 214%.

Table 2. Cities with Highest SEF Utilization Rates

	CITY	UTILIZATION RATE (IN PERCENT)	SEF COLLECTION STATUS	ISLAND GROUP
1	Lamitan	299	Low	Mindanao
2	Roxas	214	Low	Visayas
3	Cebu	199	High	Visayas
4	Vigan	195	Low	Luzon

	CITY	UTILIZATION RATE (IN PERCENT)	SEF COLLECTION STATUS	ISLAND GROUP
5	Santiago	193	Low	Luzon
6	Bais	187	Low	Visayas
7	Dipolog	147	Low	Mindanao
8	Tayabas	134	Low	Luzon
9	Ozamiz	133	Low	Mindanao
10	Antipolo	133	High	Luzon

SEF Utilization Rate vis-a-vis the SEF per Capita of Ci-Cap Cities

In general, Ci-Cap cities have above-average utilization rates when compared to the Department of Finance-Bureau of Local Government (DOF-BLGF) data. Based on the 2018 data collected by the BLGF, the national average for cities' SEF utilization rate is 60.5%. Out of the six Ci-Cap cities, only Bacolod City registered the lowest utilization rate at 48.50%, which is even below the national average. Table 3 shows the breakdown of the Ci-Cap cities' utilization rates. In addition to Roxas City, Legazpi and Iriga also registered SEF utilization rates of more than 100%.

Table 3. Ci-Cap Cities SEF Utilization Rates

CITY	SEF AVERAGE	SEF CLASSIFICATION	UTILIZATION RATE
Bacolod	279,124,945.41	High	48.50%
Escalante	35,253,169.75	Average	76.74%
Roxas	13,000,720.81	Low	242.37%
Iloilo	443,370,273.56	High	84.75%
Legazpi	54,565,926.67	Average	107.02%
Iriga	9,915,000.00	Low	98.20%

Table 4 details the SEF per capita³ for each Ci-Cap city. The League stresses SEF per capita as an indicator because it shows the dynamic between SEF collections and the number of learners that a city needs to serve. Looking at SEF collections in isolation does not capture the full extent of the demand for education financing that confronts a city.

Table 4. Ci-Cap Cities SEF per Capita

CITY	NUMBER OF LEARNERS (SY 2020-2021)	AVERAGE SEF COLLECTIONS (2017-2019)	SEF PER CAPITA
Bacolod	109,867	279,124,945.41	2,540.57
Escalante	22,678	35,253,169.75	1,554.51
Roxas	30,609	13,000,720.81	424.74
Iloilo	77,920	443,370,273.56	5,690.07
Legazpi	42,718	54,565,926.67	1,277.35
Iriga	24,876	9,915,000.00	398.50

Based on this calculation, despite having the lowest utilization rate, Bacolod City, is among the top cities with regard to its high spending on learners (PHP 2,540.57 per capita). Iloilo City ranks first and Escalante ranks third. In contrast, despite registering the highest SEF utilization rate, Roxas City has less to spend per learner (PHP 424 per capita). Taking this information into account is crucial for lobbying for greater funding for the SEF. Cities with a high utilization rate but less SEF per capita should be prioritized in getting a government subsidy.

National and Regional DepEd Realigned Budget Allocation 2020

In view of the changes brought about by the Covid-19 pandemic, DepEd realigned its existing budget allocation to be transferred funds to the regional DepEd offices to support the BE-LCP. Based on the data shared by DepEd during the August 13, 2020

³ These data were computed by using cities' average SEF collections from 2017 to 2019, and dividing that by the actual number of enrolled primary and secondary learners.

dialogue, Regions 5 and 6, where the Ci-Cap cities are located, had the 6th and 5th spots in the DepEd budget reallocation as of 7 August 2020. Nationally, the top 3 regions that received the largest allocation from the Central Office were Regions 4A, 3, and the National Capital Region (NCR), where the largest population in the country resides. Coincidentally, based on the rapid assessment survey conducted by the LCP in July 2020, and displayed above in Table 1, the cities in these regions had the highest SEF collections.

Table 5. Regional ranking of allocations from the Department of Education

REGION	AMOUNT	ALLOCATION	RANK
I	480,561,000.00	5.37%	10
II	386,084,000.00	4.31%	14
III	849,211,000.00	9.48%	2
IV-A	1,036,139,000.00	11.57%	1
IV-B	392,469,000.00	4.38%	13
V	668,430,000.00	7.47%	6
VI	698,351,000.00	7.80%	5
VII	700,399,000.00	7.82%	4
VIII	516,750,000.00	5.77%	7
IX	439,857,000.00	4.91%	12
X	484,928,000.00	5.42%	9
XI	496,811,000.00	5.55%	8
XII	477,957,000.00	5.34%	11
XIII	357,871,000.00	4.00%	15
CAR	253,102,000.00	2.83%	16
NCR	715,122,000.00	7.99%	3

A regional dialogue was held on September 8, 2020, in which the DepEd Region 5 Director, [REDACTED] and DepEd Region 6 Director, [REDACTED] shared information on BE-LCP's implementation in their respective regions. These national allocations that were funneled through DepEd's regional offices, increased the SEF per capita by PHP 307 in Bacolod City, and by PHP 505.02 in Escalante City. The regional allocation also made Iriga City's learners better-off than their Roxas City counterparts. Still, Roxas City and Iriga City are excellent candidates for the gap fund/equity fund, given the high SEF utilization rate in Roxas City, and the specific program for early grade learners in Iriga City.

Table 5. Regional ranking of allocations from the Department of Education

CITY	REGIONAL OFFICES TRANSFERRED FUNDS	CI-CAP CITIES SEF COLLECTION (FROM SEF SURVEY)	SEF PER CAPITA, WITHOUT A SUBSIDY	SEF PER CAPITA	DIFFERENCE
Bacolod	33,800,188.40	279,124,945.41	2,540.57	2,848.22	307.65
Escalante	11,452,956.40	35,253,169.75	1,554.51	2,059.53	505.02
Roxas	10,405,429.90	13,000,720.81	424.74	764.68	339.94
Iloilo	24,581,955.20	443,370,273.56	5,690.07	6,005.55	315.48
Legazpi	18,315,794.00	54,565,926.67	1,277.35	1,706.11	428.76
Iriga	10,468,717.00	9,915,000.00	398.50	819.41	420.91

Priority SEF Expenses of Ci-Cap Pilot Cities in General (Pre-pandemic)

The following is a list of expenses that survey respondents indicated that the Commission on Audit (CoA) allowed their city to claim from the SEF:

1. Maintenance and other operating expenses (MOOE)
 - Nutrition/feeding program
 - Transportation needs
 - Payment of utility fees
 - Computer software and hardware
 - Purchase of books and periodicals
 - Sports development
 - Educational research

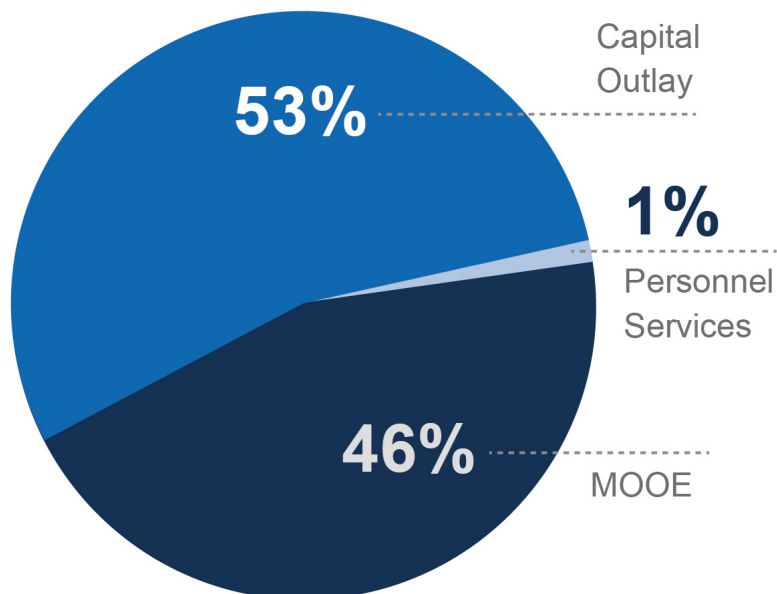
2. Capital Outlay

- Repair and maintenance of school-related equipment and facilities
- Construction of school buildings and facilities
- Acquisition and registration of the land titles for school sites
- Acquisition of facilities and equipment

3. Personal Services

- Salaries/allowances for teachers
- Salaries of non-teaching personnel
- Benefits of non-teaching personnel
- Creation of contractual positions

4. Based on analysis of the SEF expenses of the six Ci-Cap pilot sites, it is evident that Ci-Cap cities spend most of their budget on capital outlay (53%). Maintenance and other operating expenses (MOOE) is a close second (46%). This finding is consistent with the general trend across Philippine cities that indicates that MOOE is one of the major items financed by the SEF.



Further scrutiny of the survey responses from the six Ci-Cap cities shows that half of the six pilot cities spent their SEF on capital outlay. In contrast, the other three cities spent most of their budget on MOOE. Table 7 shows a breakdown of the SEF expenses from each of the six pilot cities.

Figure 6. MOOE Expenses of Ci-Cap Cities

Table 7. Ci-Cap Cities' SEF Priority Expense Categories

CITY	MOOE ALLOCATION	CAPITAL OUTLAY ALLOCATION	PERSONNEL SERVICES ALLOCATION
Bacolod	96,582,994.23	38,788,557.47	0.00
Escalante	10,494,114.45	16,559,564.44	0.00
Roxas	12,128,500.00	15,250,000.00	4,131,000.00
Iloilo	136,286,000.00	235,350,000.00	4,122,921.50
Legazpi	30,347,690.00	28,051,200.00	0.00
Iriga	7,116,981.88	2,619,458.04	0.00

Iloilo, Escalante, and Roxas (all of which, interestingly, are Region 6 cities) spend their SEF mainly on capital outlay. With its significantly higher SEF collection, Iloilo City spent more than half (53%) of its funds on capital outlay. However, Escalante City spends about 17% more on capital outlay than on MOOE, and Roxas City spends 50% more on capital outlay than on MOOE.

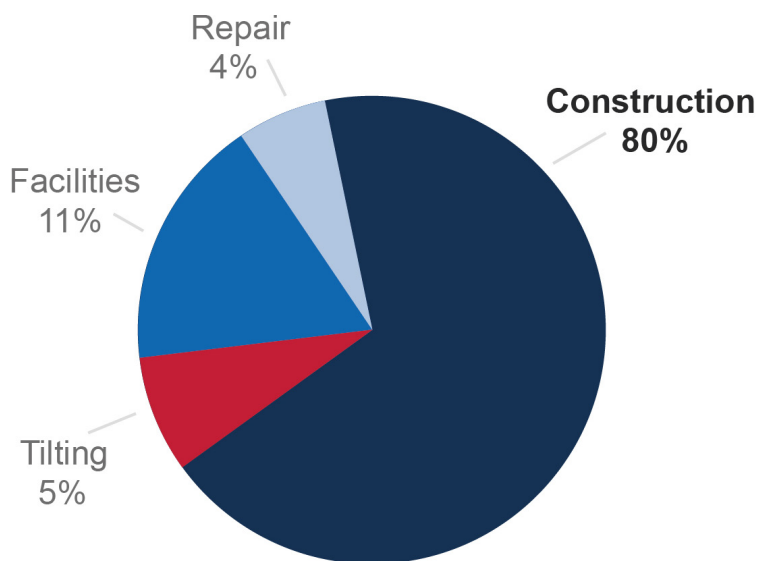


Figure 7. Priority Capital Outlay Expenses

When capital outlay is examined, construction of school buildings is the top budget priority for the Ci-Cap pilot cities. This is consistent with the responses of most of the Philippine cities that participated in the survey.

It is noteworthy that the cities of Iloilo and Legazpi used their SEF budget for land titling. In contrast, Bacolod, Legazpi, and Iriga followed the general trend in spending most of their budget on MOOE.

Data from four of the six pilot cities (Bacolod, Escalante, Legazpi, and Iriga) showed that these cities did not regularly spend SEF funds on personnel services. This corresponds with the overall observation the personnel services is a low SEF priority, in general, as only 3% of city survey respondents indicated that they spend some of their SEF on personnel services. Notably, the SEF Utilization Guidelines also restrict personnel expenses.

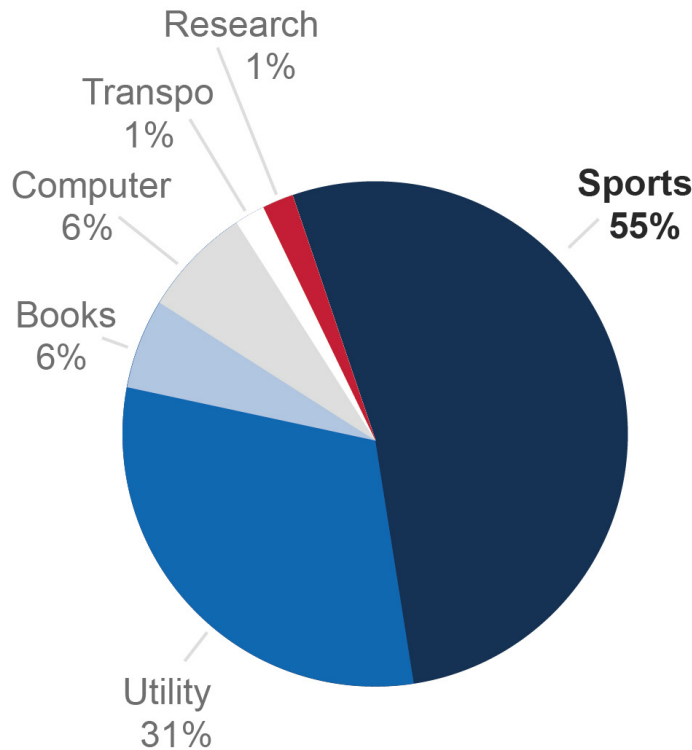


Figure 8. Priority MOOE Expenses

To better understand the Ci-Cap cities' allocation of MOOE items, the research team reviewed specific items. The top MOOE expense for all six cities was sports development, and for most cities this was the only MOOE expense. In Iriga City, the whole MOOE budget was spent on sports development.

Other top MOOE items in the six pilot cities were utility expenses (31% for Bacolod, Roxas, and Iloilo), and the purchase of books and periodicals (6%). This was particularly true in the case of Bacolod, Escalante, Iloilo, and Legazpi.

Capacities of Ci-Cap Cities

The Ci-Cap Project focuses on increasing and strengthening the engagement of local stakeholders in planning and implementing sustainable basic education services, programs, and policies, including strategic planning, financing, and implementing education programs for early grade learners.

The Local School Board “LSB”

Under Republic Act No. 7160, otherwise known as the Local Government Code of 1991, the local school board (LSB) was established to allocate the SEF to meet the supplementary needs of learners at the local level. The Code requires an eight-person LSB that is chaired by the city mayor, co-chaired by the schools’ division superintendent, and comprises the following members: the chair of the education committee of the Sangguniang Panlungsod (city council), the city treasurer, a representative of the Sangguniang Kabataan (youth council), and the elected presidents of the city federation of parents-teachers associations, the teachers’ organizations in the city, and the non-academic personnel working for public schools in the city (the National Employees Union).

Table 8. Composition of the Local School Board in Ci-Cap Cities

LSB MEMBERSHIP	BACOLOD	ESCALANTE	ROXAS	ILOILO	LEGAZPI	IRIGA
Local Chief Executive	/	/	/	/	/	/
Schools’ Division Superintendent	/	/	/	/	/	/
Chair of the SP Committee on Education	/	/	/	/	/	/
City Treasurer	/	/	/	/	/	/
Elected Representative of the SK Federation	-	-	/	/	/	-
Elected President of the PTA Federation	/	/	/	/	/	/
Elected Representative of the Teachers’ Organization	/	/	/	/	/	/

LSB MEMBERSHIP	BACOLOD	ESCALANTE	ROXAS	ILOILO	LEGAZPI	IRIGA
Elected Representative of the Non-Academic Personnel of Public Schools (National Employees Union-NEU)	/	/	/	/	/	/
Ex-Officio Members	/	-	/	/	/	-
Secretary	EA	-	/	/ ⁴	/	/

Table 8 shows that Roxas, Iloilo, and Legazpi cities were able to fill all the eight mandated positions. In contrast, the cities of Bacolod, Escalante, and Iriga did not have a representative from the SK Federation (youth council). To provide different perspectives in the decision-making process, some cities added ex-officio members from the city budget office (Roxas and Iloilo), city planning and development office (Iloilo), engineering office (Iloilo), and Schools' Division Legal Office (Bacolod).

Data collection was notably easier for cities with an LSB secretary or secretariat. Roxas, Iriga, and Legazpi had appointed LSB secretaries, while Iloilo City created a secretariat solely for the LSB. In Bacolod City, the LCE has a designated executive assistant for education who attends to education-related concerns.

Support for DepEd's Basic Education–Learning Continuity Plan (BE-LCP)

As learning must continue despite the pandemic, the Local Government Units and local stakeholders have been assessing their capacity to implement the blended learning modalities recommended by DepEd. Although the health and safety of the public are the utmost priority, the LGUs acknowledge their constitutional mandate to uphold the right of all citizens to quality education at all times. The LGUs can assist in implementing the DepEd BE-LCP in several areas. These include mobilization of parents and the community, expansion of Internet connectivity, reproduction and

⁴ with LSB Secretariat

distribution of learning materials, and establishment of learning spaces. With limited resources available, the LSB must strategically allocate its resources to sustain the requirements of the BE-LCP.

Based on the deep-dive sessions with the six cities, this study found that all of these pilot sites plan to significantly invest in reproducing the modules. Careful scrutiny of the critical resource map and the contextualized BE-LCP shows that only about 37% of the modules required for the early grade learners were delivered by September 2020. The critical resource mapping for education investment menu was recommended by Dr. [REDACTED] TAF’s strategic adviser. It can provide the LGUs a menu of education investments that presents critical needs, available resources from DepEd, and potential resource need for more sustainable, aligned and demand-driven SEF appropriations.

Due to the limitations caused by the pandemic, face-to-face learning has been highly discouraged. However, some cities such as Bacolod City plan to provide a mobile learning hub to reach learners who live in remote areas, or have difficulty accessing other learning modes.

For example, Iriga City’s Northern District is a geographically isolated and disadvantaged area. To aid in distributing learning materials in this area, the city government was able to mobilize volunteers, including barangay officials and para-teachers.

Table 9. Community Mobilization in Iriga City

SCHOOLS	DISTRIBUTION OF MODULES VIA DROP-OFF/PICK-UP POINTS (NO.)				
	TEACHERS	BRGY. OFFICIALS	PARA-TEACHERS	VOLUNTEERS	TOTAL
Iriga North Central	15	6	0	0	21
Antipolo ES	5	8	0	0	13
Cawayan ES	7	4	0	0	11
Cristo Rey IS	4	8	3	0	15
Niño Jesus ES	4	0	0	0	4

SCHOOLS	DISTRIBUTION OF MODULES VIA DROP-OFF/PICK-UP POINTS (NO.)				
	TEACHERS	BRGY. OFFICIALS	PARA-TEACHERS	VOLUNTEERS	TOTAL
Sagrada ES	8	8	0	0	16
San Andres ES	4	8	0	0	12
San Pedro ES	7	6	0	0	13
San Rafael ES	4	2	0	0	6
San Ramon ES	4	7	0	0	11
San Vicente Norte	4	4	0	0	8
Sta. Cruz Norte ES	2	4	0	0	6
Sta. Isabel ES	2	4	0	0	6
Sta. Teresita ES	7	8	0	0	15
Tubigan ES	5	7	0	0	12
TOTAL	82	84	3	0	169

Table 9 shows that Iriga City is likely to mobilize parents and community members to serve as learning facilitators, especially in the areas that have chosen self-learning modules as their primary learning modality.

Bacolod City, on the other hand, indicated in its contextualized BE-LCP that 100% of its early grade learners (EGL) will utilize the radio-based instruction as their learning modality. Considering that EGLs can learn better if they have auditory instructions along with their worksheets, investing in this kind of resource will be beneficial to them and cost-effective for the city in the long run. Other cities also see the benefit of radio-based instruction and TV-based instruction. The cities of Roxas and Escalante have plans to establish their own radio stations.

Varying Investments for Early Grade Learners

With respect to Ci-Cap cities' investments for the benefit of EGLs, this study included a desk review to identify the cities' corresponding education policies and programs. Notably, there is no policy that requires local government units to tag expense items that are specific to a certain grade level. With respect to education financing, cities largely base this on the traditional approach to cost-benefit analysis where investments are made in areas that directly benefit the largest number of learners.

Out of the six Ci-Cap cities, only Iriga City made targeted investments for EGLs.

Table 10. Iriga City's Investments for Early Grade Learners

GOAL	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
OBJECTIVE	To strengthen the education program and services for 0–5 years old and K–3 levels
STRATEGY	<ol style="list-style-type: none"> 1. Institutionalize the early grade education system 2. Implement support programs and services 3. Sustain complementary programs for teachers and parents
PROGRAMS/PROJECTS	<ol style="list-style-type: none"> 1. Family and Early Child Care/ Education and Development Program for 0–5 years old 2. Supplemental feeding 3. Provision of learning/instructional materials 4. Parent-Parent Effectiveness Service 5. Modular learning 6. Development and improvement of facilities

LEGISLATION

1. Appropriation ordinance for MOOE
2. Resolution institutional-izing the early grade education system in the City of Iriga

Table 10 shows that investment in early grade learners is one of the goals listed by Iriga City's Mayor as part of her Executive and Legislative Agenda. She is personally committed to strengthening education programs and services for EGLs. The programs and projects listed above were planned and executed through a core group comprised of members of the LGU, City Social Welfare, and the Schools Division Office. Iriga City also has three ongoing projects that identify EGLs as the primary beneficiaries:

1. Family and Early Child Care;
2. Supplemental Feeding; and
3. The Parent-Parent Effectiveness Service.

Another interesting initiative is that of the City of Iloilo where despite the absence of a specific program or policy for early grade learners, the city established a scholarship program for teachers to study early childhood education at Western Visayas State University. While this will not benefit learners immediately, it will in the long-term by developing the capacity of teachers.

03 INITIAL RECOMMENDATIONS

The Special Education Fund

SEF Guidelines

The incidence of Covid-19 in the Philippines has posed a great challenge to the economy. Education is one of the hardest-hit sectors because the pandemic has required the suspension of face-to-face classes. To ensure that learning continues despite the pandemic, the Department of Education (DepEd) has responded with recalibration of its budget to finance implementation of the Basic Education-Learning Continuity Plan (BE-LCP). However, unfortunately the budget will not be adequate to fully cover the cost of implementing the BE-LCP for the whole academic year, 2020–2021.

An additional source of funding for the BE-LCP is the Special Education Fund (SEF) that Local Government Units (LGUs) have traditionally used for school-related expenses such as construction, maintenance, materials, and personnel costs. To enable the LGUs to draw on the SEF for BE-LCP-related costs, Addendum No. 2 of Joint Circular was drafted. This expands the allowable SEF expenditures to include personal protective equipment, thermometers and other medical devices for testing whether students, teachers and other personnel have the virus; Internet connectivity; printing of learning modules; honoraria for teachers; and virus-prevention training for both teaching and non-teaching personnel.

When Addendum No. 2 of the Joint Circular is approved and signed by DepEd, DILG and DBM. it will greatly benefit K–3 learners. Research shows that these learners comprehend and acquire knowledge through play, repetition, and patterns—all of which depend on the learning materials used. In order to learn their lessons effectively, K–3 learners need a combination of face-to-face learning and tailored learning materials. With the cessation of classroom teaching, to enable students to interact with their teachers, online platforms must be implemented. Modular learning materials are also needed for students’ use at home, and these require guidance from trained para-teachers.

So that they can guide early grade learners effectively, the para-teachers must be trained on the content as well as the delivery of instruction. A Facilitator’s Guide must also be developed for para-teachers. Support is needed too for the parents of K–3 students as, unlike older students who can learn independently, younger students usually require help and encouragement in using learning modules.

The draft Addendum No. 2 specifically provides for the *“Payment of costs and expenses in connection with the acquisition, production, reproduction, and printing of learning materials for the learners such as, self-learning modules, textbooks, activity sheets, and study guides.”*⁵ This provision addresses the need for additional funding to prepare and reproduce textbooks, study guides, and other learning materials, which are vital for K–3 students’ effective learning.

As the school year for 2020–2021 will largely comprise modular, online learning, and TV/Radio- based instruction, Addendum No. 2 provides for instructional equipment such as digital storage devices, and computers, tablets, or smartphones—all of which are vital for the effective implementation of the BE-LCP. The addendum also allows for communications expenses—calls, texts, and Internet data; and payment of subscription fees for videoconferencing, and other remote communication tools/ applications or platforms.

Another vital inclusion in Addendum No. 2 is the transportation allowance for delivering modules and other learning materials to all learners, and especially to early grade learners.

The League also recognizes the need for additional learning spaces to accommodate all students, while at the same practicing effective social distancing. However, the establishment of community learning hubs or other designated learning spaces was

⁵ *Sec. 2.1.1.1, Addendum No.2 to Revised SEF Guidelines (JC No.1, s.2017)*

not included in the addendum for expanding uses of the Special Education Fund. Based on this study's dialogues with various government agencies, the costs of establishing these learning spaces should be shared between the Local Government Unit and the Department of Education. Also dialogue participants agreed that the learning hubs or spaces established for K–3 learners must use existing facilities such as barangay halls and other multi-purpose facilities. They also recognized that establishing these new learning facilities will be a challenge in communities that are categorized as Geographically Isolated and Disadvantaged Areas.

Amendment of the Local Government Code for Sustainable Education Financing

The League of Cities supports the following amendments to the Local Government Code to achieve more sustainable education financing:

1. Sec. 100 that provides a bottom-up approach in allocating resources for education.
2. Sec. 235 that expands the collection of the SEF to include municipalities as this contributes to the overall goal of improving local education financing.
3. Sections 98 and 99 that expands the functions and membership of the Local School Board.
4. Sec. 272 that specifies the priority expenditures of the SEF and the future-oriented provisions on use of the SEF as collateral for a loan for education-related capital extensive expenses such as school or learning facilities.

These proposed policies should improve education financing for K-3 learners. For instance, the League deems that expansion of the local school board's membership and functions, and the comprehensiveness of SEF utilization, as formulated in SB 1579, reinforces the autonomy of Local Government Units and school boards in setting educational priorities and establishing locally-relevant programs. Giving the school board greater financial capacity to carry out the expanded functions discussed above should contribute to prioritizing of the requirements of early grade learners.

The League's strategic engagement and that of its partners (The Asia Foundation and USAID) should provide the much-needed pressure to get cities to prioritize investments for early grade learners. A key provision in SBN 1579 supports formulating policies and programs based on empirical results, and focused on improving the quality of major education outcomes.

Regarding the unnumbered substitute House Bill, the League supported other provisions that expand the authority of local school boards in financing options for local education. The use of the SEF as collateral for financial institution loans could augment fundraising for large-scale projects such as the construction of facilities for which the SEF might not otherwise be sufficient. This is important in relation to insights about the substantial allocations of several pilot cities (Escalante, Roxas and Iloilo) for capital expenditures, and particularly in paying for the construction of buildings and land titling costs. The use of the SEF as collateral may provide more opportunities for cities to be creative in strategically investing in long-term capital outlays for items that will benefit several generations of learners.

The amendments that are expected to have the most substantial impact on financing for K–3 learners relate to the listing of priority budget items. The League supported both bills' inclusion of a list of priority items for the SEF in the Local Government Code that has been expanded and elaborated to cover a wider range of expenses. This revision will help cities and their school boards in implementing and prioritizing education budget items. The emphasis on allocating the SEF for the operation and maintenance of schools, and the payment of salaries and other benefits for teaching and non-teaching personnel, should open opportunities for the strategic allocation of expenses related to K–3 learners such as para-teachers and learning aides.

In the amendments to Section 272 of the Local Government Code, both the House and Senate versions put a high premium on the use of the SEF for paying the salaries of locally-hired teachers and other teaching personnel, and the construction of school buildings. Allowing cities to hire local teachers responds to cities' long-standing request to be able to compensate locally-hired teachers at rates that are comparable to nationally-hired teachers, provided that the selection and promotion process is in accordance with the DepEd guidelines. Allowing Local Government Units to hire locally-sourced teachers realizes the objective of the SEF—that of allowing LGUs to augment resources in areas of identified shortage. If these provisions become law, they will result in major changes in the SEF's spending on personnel, which would benefit K–3 learners in the long-run, given the need for more teachers to support both face-to-face and distance learning.

Local Education Financing

There are three key findings from the available data vis-a-vis the identification of resources for cities' response to EGL needs:

1. capitalizing on the cities' affinity for sports development;
2. identifying learning spaces as a likely K–3 investment; and
3. ensuring strategic advocacy for K–3 expenses.

Capitalizing on Sports Development

A study by the Philippine Institute of Development Studies in 2011 demonstrated that a substantial portion of Local Government Units' SEF budgets (approximately 20–50%), is used for sports and other co-curricular activities and programs of DepEd. Given the restriction on mass gatherings, apprehension about face-to-face classes, and the growing number of cases, it seems unlikely that these activities and events will occur during the upcoming school year. Data show that given cities' propensity to allocate funds for sports development, there is some room for SEF funds to be re-allocated to finance expenses for primary education. Funds previously allocated to *Palarong Pambansa* and other sports-related development projects and programs can be strategically reallocated for teacher training and learning materials of K–3 learners.

However, further study is required to understand cities' prioritization of sports development in utilizing the SEF. Understanding Ci-Cap cities' rationale in determining their priorities will help ongoing efforts to promote key investments in K–3 programs. In addition, timing is extremely crucial as cities realign their current SEF and begin to plan for the upcoming year's budget.

Potential to Invest in Learning Spaces

As Ci-Cap cities tend to allocate a large proportion of their SEF budget for capital outlay items, and particularly the construction of school buildings, there is potential to advocate spending on alternative learning spaces. Cities that have invested in land titling, such as Legazpi and Iloilo, might be more open to establishing new learning spaces in their localities. The approach should be different, however, for cities that have not identified land titling as a priority expense item. Instead of advocating for the establishment of new learning spaces, these cities could be encouraged to repair or refurbish existing facilities and transform them into spaces that cater to the requirements of K–3 learners.

Strategic Advocacy for K to 3 Expenses

Data in this study show that there is a need for strategic advocacy to convince local leaders to invest in early grade learners and drive focused interventions that provide innovative system-wide solutions. Local school boards are key to this since they make decisions that suit their local needs.

Capacities

The role of the local school board is indeed vital as its multi-sectoral composition promotes engagement of the community and the private sector in addressing the specific needs of learners. Thus, broadening board's membership and strengthening its capacity through learning exchanges should enable the board to finance and implement local education policies, programs, projects, and activities efficiently and effectively.

As of September 2020, the team responsible for this study was still completing the critical resource mapping of the Ci-Cap cities. Once completed, this mapping will show how the Ci-Cap cities are investing the Basic Education–Learning Continuity Plan (BE-LCP) expenses provided by DepEd. In most cases, the data were sourced from the Accounting and Budget Office of the respective school division office, along with minor inputs from the city. The analysis of these data will help the team design the project's learning exchange activity by getting inputs from the Ci-Cap cities about topics that will help them with their interventions to improve SEF allocation and innovations in local education financing and policy-making, and specifically with regard to early grade learners.

Given cities' initial submissions of information on critical resource mapping, it is evident that learning exchanges on the strategic allocation of limited resources, and the mobilization of additional resources will benefit local school board members.

04 MOVING FORWARD

The Covid-19 pandemic has encouraged a shift in focus for strategic investments for K–3 learners in the context of the Basic Education-Learning Continuity Plan (BE-LCP). K–3 learners need the combined interventions of teachers and parents. Hence, it is important that the proposed Addendum No. 2 to the SEF Guidelines is implemented before the start of the school year in October 2020 to satisfy the significant need for more para-teachers; orientations for learning aids and parents; as well as inclusion of allowances for teachers and para-teachers. The proposed Addendum No. 2 will enable cities, and particularly those with low SEF utilization, to allocate their funds to programs and expenditures with certain flexibility so that they can provide the most needed materials and modalities for their locality. An example of this is Iriga City, which has low SEF collections due to its geographical location and the agricultural land that predominates in the area. With this addendum, cities such as Iriga should be able to be more precise about where to allocate their limited funds.

Ideally, the proposed Addendum No. 2 will help address the gaps in JC 2017. However, based on consultations with stakeholders, it appears that major points of divergence still exist that include:

1. Limitations that prevent LGUs from hiring additional local teachers; and
2. Barriers to establishing community learning hubs and designated learning spaces.

These items need to be resolved by the oversight agencies so that all will sign the new circular. The League recognizes that local chief executives want to hire additional teachers, especially to meet the demands of blended learning and greater numbers of enrollees, so the new JMC must be issued as soon as possible. To facilitate consensus among the three oversight agencies, DepEd, DILG and DBM, the more logical option is to explore the legislative route. Both bills in the Senate and the House of Representatives include provisions that would allow the Local Government Units to hire local teachers.

Considering the impact on early grade learners and the project timeline, the Ci-Cap Project Team should consider identifying short-term, medium-term, and long-term strategies in order to continue financing the resource requirements for early grade learners during, as well as after the end of the pandemic. With regard to short-term strategies, Ci-Cap cities can maximize the Bayanihan Recover As One Act provision that allows the use of the SEF to finance Covid-19 necessary expenses such as the requirements for blended learning as described in DepEd's Basic Education Learning Continuity Plan (BE-LCP). This is a limited and time-sensitive window because it is only in effect until December 2020.

Another financing opportunity that cities could access is the equity fund proposed by DepEd to support the LGUs that have an SEF that is insufficient for their learners' needs. The Ci-Cap Project team has a critical role to play in mapping the resources available in the pilot cities to justify the need for additional support from the DepEd equity fund. This should apply even to cities such as Roxas, Bacolod, and Iloilo that have high SEF collections, but also a large population of learners.

In the medium-term, the Cicap Project team can lobby for the adoption of the revised Joint Circular or Addendum No. 2. The Joint Circular is a more sustainable option than the provisions of the Bayanihan 2 Act since the circular institutionalizes the use of the SEF for a wider range of expenses. Based on the Senate hearing with Dep Ed on September 16, 2020 regarding preparations for the October 5, 2020 school opening, the representatives of DepEd and the Department of the Interior and Local Government committed to issuing the new Joint Circular before schools re-opened. The League can continue its coordination with the three oversight agencies and advocate for issuing the new Joint Circular in time for the opening of classes on October 5. Thus, there is shared optimism that the new SEF guidelines will be released soon.

In terms of long-term strategies beyond January 2021, the League should continue to advocate for institutionalization of a negative list for the SEF. This would allow

cities substantial flexibility in deciding on the use of the SEF even after the end of the pandemic. The negative list would provide cities with more opportunities to maximize their SEF, and minimize the rejection of expenses by the Commission on Audit. Due to varying interpretations of the SEF guidelines, and the varying needs of local schools, the League should engage in ongoing dialogue with the Commission on Audit to inform the Local Government Units of the budgetary prohibitions, proper utilization of funds, and effective financing of education programs.

A more comprehensive and long-term solution is needed to ensure that the SEF is truly responsive to the diverse contexts and needs of cities and learners. To this end, it is worth considering the massive potential of SBN 1579 in elevating the role of local school boards as game-changers in local education. The proposed amendments should improve the potential of local school boards to radically boost the delivery of basic education services that enhance educational outcomes for learners, and especially for those in primary grades. This would greatly impact the empowerment of the LSB in planning and financing education at the local level.

The learning environment under the “new normal” of Covid-19 will change significantly. The landscape of child protection and child rights will not only apply to the physical school, but also to the cyber school, and school at home. The way children learn and play will also change. Cities have a critical role in making sound and sustainable investments to facilitate the transition to these new modalities and ensure that the needs of K–3 learners are acknowledged and addressed, given the cities’ existing realities. The cities’ perspective on education financing should also change and adapt to the realities of this new learning environment.

ANNEXES

ANNEX A - LCP CI-CAP SEF SURVEY FOR MEMBER CITIES

The League of Cities of the Philippines partnered with The Asia Foundation to strengthen cities' commitment to plan, mobilize, and manage resources in support of improved learning outcomes of children at the primary level. Relatedly, this survey seeks to analyze the allocation of the Special Education Fund (SEF) by cities. The collected responses will be used to interpret the gaps and opportunities in the existing SEF utilization towards advocating for national policies to liberalize the use of the SEF.

(Please note that all responses will be kept confidential. Thank you for participating in our survey.)

NAME OF CITY: _____
SEF AMOUNT FOR 2017 _____
SEF AMOUNT FOR 2018 _____
SEF AMOUNT FOR 2019 _____

1. How will you rate education among the priority issues of your city?

1 2 3 4 5

2. Do you have external partnerships with organizations that support education expenses of the city?

YES
 NO

3. Do you allocate your SEF for the programs, projects, and activities of your local school boards (LSBs)?

YES
 NO

4. What amounts of your SEF are allocated for the following general budget items?

	Budget for 2018	Budget for 2019
Maintenance and Other Operating Expenses (MOOE)		
Capital Outlay		
Personnel Services		

5. Please indicate the amount that you allocate for specific **Personnel Services** line item

	BUDGET ITEM	Budget for 2018	Budget for 2019
1	Salaries/allowances of teachers		
2	Salaries of non-teaching personnel (e.g. utility workers and security guards)		
3	Benefits of non-teaching personnel		
4	Creation of contractual positions		
5	Others (please specify)		

6. Please indicate the amount that you allocate for specific MOOE line item

	BUDGET ITEM	Budget for 2018	Budget for 2019
1	Nutrition/ feeding programs (e.g. free lunch in elementary and secondary schools)		
2	Transportation needs (e.g. fuel for school vehicles, transportation allowances for teachers and students, procurement of motor banca or other forms of service vehicles for school use)		
3	Payment of utility fees (e.g. electric and water bills)		
4	Computer software and hardware and other related equipment/facilities		
5	Purchase of books and periodicals		
6	Sports development (e.g. Palaro Meets, local sports festivals)		
7	Educational research		
8	ECCD Program		
9	Others (please specify):		

7. Please indicate the amount that you allocate for specific Capital Outlay line item

	BUDGET ITEM	Budget for 2018	Budget for 2019
1	Repair and maintenance of school-related equipment and facilities		
2	Construction of school buildings and facilities		
3	Acquisition and titling of school sites		
4	Acquisition of facilities and equipment (e.g. laboratory, technical apparatus, and information technology equipment)		
5	Others (please specify):		

8. What are your city's challenges in utilizing the SEF?

- Guidelines for use of SEF are too restrictive
- Some expenses cannot be funded by SEF
- Limited SEF budget
- Confusion in implementation of guidelines
- LGUs are not given enough leeway to use SEF according to needs
- Challenges in coordination with DEPED
- Others: _____

9. Will you support a policy that includes a negative list (e.g. list of disallowed items)?

- YES NO

10. What are your recommendations or suggestions for improving the use of the SEF?

- Issuance of new policy with liberal guidelines for use of SEF
 New law governing SEF
 Closer coordination of DEPED and LGUs re financing education
 Others: _____

ANNEX B - CURRENT SEF UTILIZATION GUIDELINES



DEPARTMENT OF EDUCATION (DEPED)
DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG)

Joint Circular (JC) No. 1, s. 2017

TO : ALL PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS, SCHOOLS DIVISION SUPERINTENDENTS (SDS), PUBLIC SCHOOL DISTRICT SUPERVISORS (PSDS) AND SCHOOL HEADS, MEMBERS OF THE LOCAL SCHOOL BOARDS (LSB), AND OTHER NATIONAL AND LOCAL GOVERNMENT OFFICIALS CONCERNED

SUBJECT : **REVISED GUIDELINES ON THE USE OF THE SPECIAL EDUCATION FUND (SEF)**

1.0 Background

Under Republic Act (RA) No. 7160 (Local Government Code [LGC] of 1991), a province or city, or a municipality within the Metropolitan Manila Area, may levy and collect an annual tax of one percent (1%) on the assessed value of real property in addition to the basic real property tax. The additional 1% tax on real property collected in the province is shared equally by the province and the municipality within its territorial jurisdiction. On the other hand, cities keep all of their collection. The proceeds from this special levy accrue to the SEF and are automatically released to the LSBs.

The SEF provides the source of funds for the supplementary annual budgetary needs for the operation and maintenance of public schools within the province, city, or municipality through an annual SEF Budget. The formulation, approval, and utilization of the SEF Budget are the responsibility of the individual LSB in each province, city or municipality.

Previous circulars jointly issued by the DepEd, DBM, and DILG provide the general guidelines on the use of the SEF in implementation of RA No. 7160. Given the observed practices in the utilization of the SEF and current developments in the basic education sub-sector, particularly the K to 12 and early childhood care and development (ECCD) programs, there is a need to

reiterate and refocus the policies on the use of the SEF to better support the supplementary budgetary needs of schools¹ and learning centers.²

2.0 Purpose

2.1 To update the policies and guidelines contained in previous JCs of the DepEd, DBM, and DILG (JC No. 1 s. 1998, JC No. 1-A s. 2000, JC No. 1-B s. 2001 and JC No. 4 s. 2001) on the use and purpose of the SEF as provided under RA No. 7160 and its Implementing Rules and Regulations (IRR); and

2.2 To ensure a more strategic and efficient utilization of resources for priority programs and projects which would complement, as well as reinforce, the budgeting priorities at the different levels of decision-making.

3.0 Legal Bases on the Use of the SEF

3.1 Section 272 of RA No. 7160 provides that the SEF shall be allocated to the following:

3.1.1 Operation and maintenance of public schools;

3.1.2 Construction and repair of school buildings;

3.1.3 Facilities³ and equipment;

3.1.4 Educational research;⁴

3.1.5 Purchase of books⁵ and periodicals,⁶ and

3.1.6 Sports development.

3.2 Further, Section 100 (c) of the same law provides that the annual school board budget shall give priority to the following:

¹ An educational institution, private and public undertaking educational operation with a specific age-group of pupils or students pursuing defined studies and levels, receiving instruction from teachers, usually located in a building or group of buildings in a particular physical or cyber site. *Source: IRR for RA No. 9155 (Governance of Basic Education Act).*

² Refers to a physical space to house learning resources and facilities of a learning program for out-of-school youth and adults. It is a venue for face-to-face learning activities and other learning opportunities for community development and improvement of the people's quality of life. This may also be referred to as "Community Learning Center" authorized or recognized by the DepEd. *Source: IRR for RA No. 10533 (Enhanced Basic Education Act of 2013).*

³ All physical properties of a school, consisting of the grounds, buildings and the various facilities within the school grounds and inside the school buildings, *i.e.*, school sites, school buildings, school furniture and equipment.

⁴ A variety of research methods, which seeks to evaluate/investigate different aspects of education including, but not limited to, student learning, teaching methods, teacher training, and classroom dynamics and behavioral patterns in pupils/students, teachers, and other stakeholders in schools.

⁵ A printed non-periodical publication of at least forty-eight (48) pages, exclusive of cover pages, published in the country and made available to the public.

⁶ Published work that appears in a new edition on a regular schedule, such as, but not limited to, newspapers, magazines, newsletters, literary journals or learned journals, or yearbooks.

3.3.1 Construction, repair, and maintenance of school buildings and other facilities of public elementary and secondary schools;

3.3.2 Establishment and maintenance of extension classes where necessary; and

3.3.3 Sports activities at the division, district, municipal, and barangay levels.

3.4 Section 7 (b) of RA No. 10410, otherwise known as the “Early Years Act of 2013”, provides that LGUs shall include allocations from their SEF for the ECCD Program.

4.0 Allowable Expenses Chargeable Against the SEF

4.1 In all instances, the allocation for the following expenditure items chargeable against the SEF **shall be net of the budgetary provision for the same or related item(s) in the budget for the DepEd and the ECCD Council**, and that which may be funded out of the Special Purpose Funds :

4.1.1 Operation and maintenance of public schools:

4.1.1.1 Payment of compensation/allowances of teachers locally-hired in elementary and secondary schools identified to have shortages per the teacher deployment analysis of DepEd; the rates of compensation/allowances shall be determined by the LSB based on funds available, but not to exceed the salary schedule being implemented by the local government unit (LGU) concerned: Provided, that for the purpose of hiring teachers chargeable against the SEF, the LSB in each province, city or municipality shall utilize the list found in the Registry of Qualified Applicants (RQA)⁷;

4.1.1.2 Payment of salaries/wages of utility workers and security guards hired in public elementary and secondary schools which have not been provided such position in the DepEd budget; and

4.1.1.3 Payment of expenses pertaining to the operation of schools, which may include utilities and communication expenses.

⁷ Official list of applicants who obtained an overall score of seventy (70) points and above based on the criteria set and as a result of the evaluation and selection processes of the DepEd

4.1.2 Construction and repair of school buildings:

4.1.2.1 Construction, repair and maintenance of school buildings and other facilities for public elementary and secondary schools, which are deemed to have shortage of classrooms or of other facilities, as the case may be, per DepEd classroom deployment analysis, subject to existing standards/specifications set by DepEd and/or Department of Public Works and Highways; furthermore, this item shall be given priority in the SEF Budget; and

4.1.2.2 Acquisition and titling of school sites.

4.1.3 Facilities and equipment:

4.1.3.1 Acquisition of laboratory, technical and similar apparatus, and information technology equipment and corollary supporting services (e.g. internet connection, maintenance, etc.), subject to the prevailing requirements and specifications set by the DepEd.

4.1.4 Educational research:

4.1.4.1 Educational research other than the research subject areas funded in the DepEd budget, subject to the prevailing policies and guidelines of the DepEd.

4.1.5 Purchase of books and periodicals:

4.1.5.1 Purchase of library books and periodicals for the libraries of the different elementary and secondary schools in the province, city, and municipality, and purchase of instructional materials, workbooks and textbooks needed by public elementary and secondary schools, subject to the prevailing policies and guidelines of the DepEd.

4.1.6 Sports development:

4.1.6.1 Expenses for school sports activities at the national, regional, division, district, municipal and barangay levels, as well as for other DepEd related activities, subject to the prevailing requirements and specifications set by the DepEd.

4.1.7 Funding for the ECCD Program, particularly for the following purposes:

- 4.1.7.1 Direct services related to the implementation of the ECCD program, such as salaries/allowances of locally-hired Child Development Teachers and/or Day Care Workers, etc.;
- 4.1.7.2 Organization and support of parent cooperatives to establish community-based ECCD programs;
- 4.1.7.3 Provision of counterpart funds for the continuing professional development of ECCD public service providers;
- 4.1.7.4 Provision of facilities for the conduct of the ECCD Program; and
- 4.1.7.5 Payment of expenses pertaining to the operations of National Child Development Centers, including, but not limited to, utilities (*i.e.* electricity and water expenses) and communication (*i.e.* telephone expenses).

5.0 Planning and Budgeting for the SEF

- 5.1 The LSB shall formulate a three-year program indicating strategic prioritization policies in the allocation of the SEF to schools taking into consideration equitable sharing, priority needs and such factors as enrollment ratio, distance of the schools, performance, drop-out rate, and location of schools, as well as the goals and objectives of the LGU's Comprehensive Development Plan (CDP), and the expenditures, programs, projects and activities in the LGU's Local Development Investment Program (LDIP) prior to the formulation and preparation of its Annual Budget for the incoming year. It is understood that the DepEd representative to the LSB shall be responsible for coordinating municipal/city school plans with that of the province and ensuring that the School Improvement Plan (SIP) and the Division Education Development Plan (DEDP) are formulated collaboratively with the stakeholders in the community.
- 5.2 The LSB in each province, city, or municipality shall be responsible for the preparation and approval of the annual budgetary requirements of the public schools based on the DepEd-approved SIP and DEDP in the implementation of ECCD Program, kindergarten, elementary and secondary, formal and non-formal education programs, chargeable to their respective SEFs.

- 5.2.1 All expenditure items to be included in the SEF Budget shall be among those provided under Section 4.0 hereof and contained in the approved SIP and DEDP.
- 5.2.2 The SEF Budget shall be presented by program, activity and project (P/A/P), by allotment class and per school using SEF Budget Preparation Form No. 1 (Annex A).
- 5.2.3 The provincial SEF Budget shall, as much as possible, fill the funding gap in the needs of all the public schools covered by the province.
- 5.2.4 The corollary budget allocation shall be complementary to the budget of the national programs.
- 5.3 The LSB shall consider the following in the preparation of the SEF Budget:
 - 5.3.1 Recommendation of the DepEd PSDS and SDS as well as the priorities indicated in the SIPs and DEDPs vis-à-vis the information from the DepEd Regional Office (RO) on the allocation of each school from the National Budget for the current year and the ensuing year as contained in the National Expenditure Program;
 - 5.3.2 The report of the school heads on the state of education at the start of every school year, which will provide an annual progress report on the SIP and cover, among others, the basic education performance indicators and audited financial reports of his/her school, including funds it received during the previous school year from national, local, and community-based sources, as well as the disposition of these funds; and
 - 5.3.3 The relevant expenditures, P/A/Ps of the current LDIP and Annual Investment Program of the LGU.
- 5.4 The approval of the SEF Budget shall be through an LSB Resolution, signed by the Chair and Co-Chair and majority of all its members, pursuant to Section 100 (b) of RA No. 7160.
- 5.5 The preparation and approval of the SEF Budget for the ensuing year shall be guided by the following schedule of activities:

Activities	Person/s Responsible	Indicative Timelines
<p>Submit a report covering the period January 1 to December 31 of the preceding year to the LSB and DepEd Central Office (CO) containing the following information:</p> <ol style="list-style-type: none"> 1. Amount of resources allocated to the individual schools from the annual appropriations of the national government (DepEd budget, allocation from the SPFs, and from other items); 2. Results of analysis of teacher shortage or teacher : student ratio by school; 3. Schedule of construction of classroom by school from all sources / funds; and 4. Indicators of school performance including National Achievement Test (NAT) results and drop-out rates. 	DepEd SDS	Not later than March 31 of the current year
<p>Submission to the LSB of the certified statement containing the following:</p> <ol style="list-style-type: none"> 1. actual SEF Income for the immediately preceding fiscal year; 2. actual SEF income for the first two quarters of the current year; 3. the estimated SEF income for the last two quarters of the current year; and 4. the annual estimates for the ensuing year. 	Local Treasurer and Local Accountant	Not later than July 15 of the current year
<p>Formulate and issue budget prioritization policies and tentative budget ceilings per municipality/city/province thru a Budget Call</p>	LSB	Not later than July 31 of the current year

Activities	Person/s Responsible	Indicative Timelines
Submission by elementary and secondary schools of requests for funding for the ensuing budget year to the DepEd PSDS (for municipal school boards) or the SDS concerned (for city school boards).	Heads of elementary (including kindergarten) and secondary schools	Not later than August 31 of the current year
<p>Consultation / Discussion / Hearing with schools concerned and other stakeholders;</p> <p>Consolidation of budget requests from all schools in the LGU (city / municipality) for the ensuing budget year.</p>	DepEd PSDS and SDS	September 1 to September 30 of the current year
Review and approval of the SEF Budget by for the ensuing year through an LSB Resolution approved by the majority of all LSB members.	Municipal/City LSB	Not later than October 31 of the current year (Earlier approval of SEF Budget for municipalities will allow Provincial LSBs to consider augmentation to municipalities in the review of the provincial SEF Budget)
<p>Submission of the following to the Provincial LSB:</p> <ol style="list-style-type: none"> 1. Consolidated approved municipal/city SEF Budgets; and 2. List of proposals not funded in the municipal/city SEF Budgets 	DepEd SDS	Not later than seven (7) days after the approval of the SEF Budget
<p>Review of proposals not funded in the approved SEF Budget of the City/Municipality taking into consideration the priorities contained in the DEDP.</p> <p>Approval of the Provincial SEF Budget by Province through an LSB Resolution approved by the majority of all LSB members.</p>	Provincial LSB	Not later than November 30 of the current year

Activities	Person/s Responsible	Indicative Timelines
Submission of approved SEF Budgets to DepEd Central Office	DepEd SDS	Not later than December 31 of the current year

6.0 Monitoring, Transparency and Accountability in the Allocation and Utilization of the SEF

6.1 To promote and enhance transparency and accountability in the allocation and utilization of the SEF, the parties concerned shall comply with the following:

Activities and Documents	Person/s Responsible	Indicative Timelines
Furnish the Local Budget Officer, the Local Accountant, and the Local Treasurer a copy of the SEF Budget as basis for disbursement or certification of availability of funds and for recording purposes	LSB	Not later than seven (7) days after the approval of the SEF Budget
Submit quarterly and annual reports using the SEF Budget Accountability Form No. 1 (Annex B) on SEF utilization, as prepared by the Local Accountant, to the DepEd CO, through appropriate channels, copy furnished the local sanggunian concerned and Regional Offices of the DBM and DILG. The appropriate DepEd offices shall prepare the consolidated provincial and regional reports.	LSB DepEd representative in the LSB	For quarterly reports, not later than the 20 th day after the end of the quarter and for annual reports, not later than the 15 th day of February of the following year
Post the utilization report of the SEF Budget in the website of the LGU and/or in at least three (3) conspicuous public places for transparency and accountability in compliance with the Full Disclosure Policy of the DILG	LSB	Pertinent deadline consistent with the Full Disclosure Policy of the DILG

6.2 It is understood that the utilization and disbursement of the SEF shall be in accordance with existing budgeting, accounting, and auditing rules and regulations.

6.3 Procurement charged to SEF shall follow the rules and procedures under RA No. 9184 (Government Procurement Reform Act), its IRR and Government Procurement Policy Board guidelines.

7.0 Issues for Resolution

Interpretation of the provisions in this JC, including cases not covered herein shall be referred to the DepEd – Central Office for final resolution by the DepEd, DBM and DILG.

8.0 Separability Clause

If, for any reason, any part or provision of this JC is declared invalid or unconstitutional, any part or provision not affected thereby shall remain in full force and effect.

9.0 Repealing Clause

All circulars on SEF that are not consistent with this JC are hereby repealed or amended accordingly.

10.0 Effectivity

This JC shall take effect immediately upon publication.

[Redacted Signature]

Secretary
Department of Education

[Redacted Signature]

Secretary
Department of Budget and Management

[Redacted Signature]

Secretary
Department of the Interior and Local Government



[Redacted Signature]

January 19, 2017

SEF Budget Preparation Form No. 1 INCOME AND EXPENDITURE ESTIMATES FOR FY _____ Provincial/City/Municipal School Board of _____ Province/City/Municipality _____ (In P000)					
Estimated Income for Budget Year xxx					
Additional One Percent (1%) Tax on Real Property xxx					
Add: Previous Years Unexpended Balances (including Continuing Appropriation) xxx					
TOTAL xxx					
Less: Continuing Appropriation xxx					
Net Amount Available for Appropriation xxx					
Proposed Expenditures for Budget Year					
Rank	Program/Project/Activity*	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
Total Expenditures for BY _____		xxx	xxx	xxx	xxx
Balance/Deficit					xxx
Prepared by: <div style="text-align: center; border-bottom: 1px solid black; width: 200px; margin: 0 auto;"> _____ Division Superintendent/Supervisor Co-Chairman, LSB </div>					

SEF Budget Authorization Form No. 01

SEF Budget Accountability Form No. 1

REPORT of SEF UTILIZATION

For the Quarter Ending ____

Province/City/Municipality _____

Receipt from SEF

P _____

Less : **DISBURSEMENTS** (broken down by expense class and by object of expenditures)

Personal Services

_____	_____
_____	_____
_____	_____

Maintenance and Other Operating Expenses

_____	_____
_____	_____
_____	_____

Capital Outlays

_____	_____
_____	_____
_____	_____

Financial Expenses

_____	_____
_____	_____
_____	_____

Sub-total

Balance

P _____

=====

Prepared by:

Local Accountant

Approved by:

LCE, Chairman, LSB

ANNEX C - ADDENDUM NO. 1 TO JC NO. 1 S. 2017



**DEPARTMENT OF EDUCATION (DepEd)
DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG)**

Joint Circular (JC) No. 1, s. 2020

Date: 27 AUG 2020

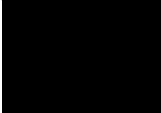
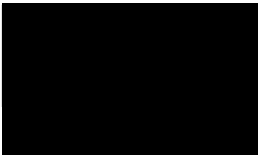
To : All Provincial Governors, City and Municipal Mayors, School Division Superintendents, Public School District Supervisors and School Heads, Members of the Local School Boards, and Other National and Local Government Officials Concerned

Subject : **ADDENDUM TO DepEd-DBM-DILG JC No. 1, s. 2017 DATED JANUARY 19, 2017, ENTITLED, "REVISED GUIDELINES ON THE USE OF THE SPECIAL EDUCATION FUND (SEF)"**

- 1.0 In view of the passage of the *Masustansyang Pagkain Para sa Batang Pilipino* Act (Republic Act [RA] No. 11037), and to amplify the policies on the use of the SEF to better support the supplementary budgetary needs of schools and learning centers, the following expenses shall likewise be allowed to be charged against the SEF, in addition to those already authorized under DepEd-DBM-DILG JC No. 1, s. 2017, as may be determined and approved by the Local School Board (LSB):
- 1.1 Funding for the implementation of the National Feeding Program for undernourished children in public day care, kindergarten and elementary schools, particularly for the following purposes:
- 1.1.1 Supplemental Feeding Program for Day Care Children;
 - 1.1.2 School-Based Feeding Program;
 - 1.1.3 Milk Feeding Program;
 - 1.1.4 Micronutrient Supplements;
 - 1.1.5 Health Examination, Vaccination, and Deworming;
 - 1.1.6 *Gulayan sa Paaralan*;
 - 1.1.7 Water, Sanitation, and Hygiene (WASH); and
 - 1.1.8 Integrated Nutrition Education, Behavioral Transformation, and Social Mobilization.

1.2 Operations and maintenance of public schools

- 1.2.1 Payment of compensation/allowances of locally-hired dentists and/or dental aide positions to serve in public elementary and secondary schools; Provided, that the rates of compensation shall be determined by the LSB based on funds available, but not to exceed the salary schedule being implemented by the local government unit concerned; Provided further, that the grant of Magna Carta benefits to said personnel shall be subject to the provisions of DBM-Department of Health (DOH) JC No. 1, s. 2012, as amended by DBM-DOH JC No. 1, s. 2016; Provided finally, that for the purpose of hiring dentists and/or dental aides positions chargeable against the SEF, the LSB in each province, city and municipality shall strictly comply with the existing Civil Service laws, rules and regulations;
- 1.2.2 Payment of expenses pertaining to the operation of schools, which may include, but not limited to, utilities, communication expenses, scouting activities (jamboree, camping, hiking, outdoor activities, scout trainings, and instructional drills/exercises) of the Boy Scouts of the Philippines and the Girl Scouts of the Philippines, programs to promote campus journalism, Parents-Teachers Association activities, Student Council Government Activities, and other extra-curricular activities that promote leadership and values as may be provided under the corresponding DepEd issuances. Such expenses may be included in the Maintenance and Other Operating Expenses allocation of schools;
- 1.2.3 Payment of dental supplies and other related expenses pertaining to the operation of dental facilities in public elementary and secondary schools; and
- 1.2.4 Establishment of dental facilities and acquisition of apparatus and/or equipment, subject to the prevailing requirements and specifications set by the DepEd, in consultation with the DOH.

- 2.0 Interpretation of the provisions of this JC shall be referred to the DepEd, DBM, and DILG for joint resolution. 
- 3.0 All other provisions of DepEd-DBM-DILG JC No. 1, s. 2017 that are not inconsistent with this JC shall remain in full force and effect.
- 4.0 If, for any reason, any part or provision of this JC is declared invalid or unconstitutional, the other parts or provisions not affected thereby shall remain in full force and effect. 

5.0 This JC shall take effect after fifteen (15) days from the completion of its publication in the Official Gazette or in a newspaper of general circulation.

[Redacted Signature]

Secretary, DepEd

[Redacted Signature]

Secretary, DBM

[Redacted Signature]

Officer-In-Charge

AUG 27 2020

[Redacted Signature]

ANNEX D - ADDENDUM NO. 2 TO JC NO. 1 S. 2017



**DEPARTMENT OF EDUCATION (DEPED)
DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)
DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT (DILG)**

JOINT CIRCULAR NO. 2, S. 2020

TO : ALL PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS, SCHOOLS DIVISION SUPERINTENDENTS (SDS), PUBLIC SCHOOL DISTRICT SUPERVISORS (PSDS) AND SCHOOL HEADS, MEMBERS OF THE LOCAL SCHOOL BOARDS (LSB), AND OTHER NATIONAL AND LOCAL GOVERNMENT OFFICIALS CONCERNED

SUBJECT : **ADDENDUM NO. 2 [CLARIFICATION TO DepEd-DBM-DILG JOINT CIRCULAR No. 1, series of 2017 DATED JANUARY 19, 2017, ENTITLED, "REVISED GUIDELINES ON THE USE OF THE SPECIAL EDUCATION FUND (SEF)"]**

1.0 Rationale

Relative to the Coronavirus Disease 2019 (COVID-19) outbreak, the Office of the President has issued Presidential Proclamation No. 922, s. 2020 declaring a state of public health emergency throughout the Philippines. In response to the public health emergency, the Department of Education (DepEd) developed the Basic Education Learning Continuity Plan (BE-LCP) titled "*Learning Opportunities Shall be Available: The Basic Education Learning Continuity Plan in the Time of COVID-19*" for the guidance of all DepEd offices and schools for School Year (SY) 2020-2021.

The BE-LCP was presented to and adopted by the IATF under its Resolution No. 34, dated May 8, 2020. In his Address to the Nation last May 28, 2020, the President gave his full support to DepEd's position to continue providing safe learning opportunities in the time of COVID-19 through blended/distance learning modalities.

The BE-LCP requires resources for its effective implementation. The most commonly identified needs for blended/distance learning include: production of self-learning instructional materials (print, non-print — audio/video/web); computer and other ICT equipment; smartphones; internet connectivity; personal protective gear or equipment; training of teachers, principals and parents; water and sanitation facilities; and hygiene or cleaning paraphernalia.

Given the resource gap from DepEd's budget, the Special Education Fund (SEF) can provide the much-needed budget augmentation for the BE-LCP.

Even without amending Section 272 of Republic Act No. 7160, the aforementioned items or expenditures may be considered as allowed expenditures under the SEF. However, many local government units are requesting that such items be clearly covered as allowed expenditures under DepEd-DBM-DILG Joint Circular (JC) No. 1, s. 2017 (JC No. 1). Hence, this addendum to said JC No. 1, s. 2017.

2.0 Clarification on Item 4.0 of JC No. 1, s. 2017 enumerating the allowable expenses chargeable against the SEF

Accordingly, the following expenditures are hereby clarified as allowed to be charged against the SEF, net of whatever DepEd may provide for similar expenses through its own budget and subject to the provisions of item 5.0 of DepEd-DBM-DILG JC No. 1, s. 2017 dated January 19, 2017.

2.1 Operation and maintenance of public schools

- 2.1.1 Payment of costs and expenses in connection with the acquisition, production, reproduction, and printing of learning materials for the learners such as, self-learning modules, textbooks, activity sheets, and study guides/manuals approved by DepEd;
- 2.1.2 Purchase of external storage devices (compact disc/digital versatile disc, USB storage, and hard drive);
- 2.1.3 Communication expenses such as, but not limited to, landline phone for communication, load (call, text, and data) for mobile phone communication and Wi-Fi connection;
- 2.1.4 Payment of subscription fee for videoconferencing or remote communication tools/applications or platforms;
- 2.1.5 Payment of honoraria and allowances of locally-hired personnel, trained and qualified tutors or learning facilitators;
- 2.1.6 Training/webinars for teaching and non-teaching personnel, school leaders, parents, learning facilitators, and community education volunteers; and
- 2.1.7 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.

2.1.8 Health and sanitation expenses:

- 2.1.8.1 personal protective equipment such as, but not limited to, facemasks, face shields, hand gloves, surgical caps, hats, eye goggles, and hazmat suits;
- 2.1.8.2 medical devices such as, but not limited to, thermal/temperature scanners, and digital thermometers;
- 2.1.8.3 vaccines, vitamins and minerals; and food supplements;
- 2.1.8.4 hand sanitizers, alcohol, disinfectants, anti-bacterial or germicidal soaps, cleaning equipment, bleach, foot bath; and
- 2.1.8.5 psychosocial first aid, mental and physical examination or check-up for teaching and non-teaching personnel and learners, and medical doctors' consultation.

2.2 Construction and repair of school buildings:

- 2.2.1 Installation of health areas or facilities such as, but not limited to, school clinics and wash areas.

2.3 Facilities and equipment:

- 2.3.1 Personal computer, laptop computer, tablet, notebook, and smartphone;
- 2.3.2 Printer, scanner, photocopying machine, and other printing or photocopying equipment and their consumables;
- 2.3.3 Television set, antenna/cable satellite connection, radio with AM/FM channel, two-way radio for remote/off the grid areas; and
- 2.3.4 Primary and secondary batteries, car battery, and solar panel.

3.0 Issues for Resolution

Interpretation of the provisions in this JC, including matters not covered herein, shall be referred to the DepEd Central Office, for final resolution by DepEd, DBM, and DILG.

4.0 Separability Clause

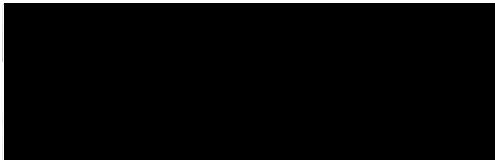
If any provision of this JC is declared invalid or unconstitutional, the other provisions not thereby affected shall remain valid and subsisting.

5.0 Repealing Clause

All provisions of existing circulars and other issuances inconsistent with this JC are hereby modified/repealed accordingly.

6.0 Effectivity Clause

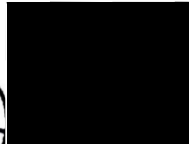
This JC shall take effect immediately upon publication in the Official Gazette.



Secretary
Department of Education



Secretary
Department of Budget and Management



Secretary
Department of the Interior and Local Government

October 23, 2020

