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ABC+: Advancing Basic Education in the Philippines

LEADING PARTNERSHIPS AND PARTICIPATION FOR LEARNING, EDUCATION, AND DEVELOPMENT (LPP-LED)

Final Narrative Report



The Asia Foundation



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Table of Contents

EXECUTIVE SUMMARY	1
Key findings	2
Key Recommendations	3
INTRODUCTION	5
Objectives and Expected Outputs	5
Methodology	6
Data Sources	6
DATA FINDINGS AND ANALYSIS	7
Brief Background on the Study Provinces.....	7
On the RPT Collections and the SEF.....	8
On SEF Collections and Expenditures.....	12
SEF Expenditures.....	12
SEF and Local Incomes and Expenditures.....	21
LGU Spending on Education and Other Revenue Streams.....	22
Indicative SEF Budgets for 2021.....	23
SEF UTILIZATION AND PRIORITIES.....	24
Education Key Stage Priority.....	26
K to 3 and MTB-MLE Spending.....	27
Membership to the Local School Board.....	28
Frequency of PSB Meetings.....	29
Preparation of the SEF Budget and the Role of the Provincial School Board.....	30
On the BE-LCP and the Adoption of the Blended Learning Modalities for 2020-2021 Academic Year.....	33

Adopting to the New Normal in Education..... 35

RECOMMENDATIONS 39

 Investment in community tutors, para-teachers and learning aides..... 41

 Rationalizing the SEF Budgeting Process..... 41

 Governor’s/Mayor’s Contingency Fund..... 42

 Institutionalizing the SEF Planning Cycle..... 42

 Preparing for the New Normal..... 43

 Local Chief Executives as Champions for Education..... 43

 Equitizing the DepEd Allocations Across Divisions and Districts..... 44

 Vertical Coordination between provincial and municipal local school boards..... 44

 Harmonizing the School Improvement Plan with the Comprehensive Development Plan 45

 Ensuring Continuity of Local Education Plans Through Changes in Local Administration..... 45

 Support for legislative actions to amend the LGC provisions on the SEF and the Strengthening of the LSB, and the Schedule of Market Values..... 46

NEXT STEPS AND MOVING FORWARD 48

Acronyms

BE-LCP	Basic Education-Learning Continuity Plan
BLGF	Bureau of Local Government Finance
COA	Commission on Audit
CSO	Civil Society Organization
DBM	Department of Budget and Management
DILG	Department of the Interior and Local Government
DOF	Department of Finance
GF	General Fund
GIDA	Geographically Isolated and Disadvantaged Areas
IRA	Internal Revenue Allotment
LGC	Local Government Code
LGU	Local Government Unit
LSB	ocal school board
MOA	memorandum of agreement
MOOE	maintenance and other operating expenses
MTB-MLE	Mother Tongue-Based Multi-Lingual Education
NGO	non-governmental organization
PHP	Philippine peso
PPA	programs, projects, and activities
PSB	Provincial School Board
RPT	real property tax
SDS	Schools District Superintendent
SEF	Special Education Fund
WASH	Water, sanitation, and hygiene

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. To the end of ensuring that ABC+ interventions are sustained, the participation of provincial governments in the planning and funding of early grade learning activities is important.

TAF partnered with the League of Provinces of the Philippines (LPP) to develop this baseline study on local government engagement in Early Grade Learning (EGL) with the aim of identifying challenges and opportunities in financing the education requirements of early grade learners. The objectives of the baseline study were to:

1. Identify income streams and alternative funding sources to finance teacher training and learning materials specifically required for children at the primary level;
2. Identify gaps and challenges in planning, appropriating funds, and implementing basic education policies and PPAs; and,
3. Increase local stakeholders' engagement in planning and implementing sustainable basic education services, programs, and policies.

Data from government offices including the Department of Finance (DOF), Department of Interior and Local Government (DILG), and Commission on Audit (COA), were analyzed by LPP to

analyze funding to early grades. A rapid appraisal survey of SEF expenditures and local school board activities were conducted in the ABC+ Cohort 1 provinces. Key informant interviews were also conducted to probe the findings from surveying and other research. Due to quarantine restrictions associated with Covid-19, LPP relied heavily on online and phone interviews to approximate previously planned research. The baseline focused heavily on the existing funding available for education as provided for by the Local Government Code, the Special Education Fund (SEF), and the local school board, the governing body that decides on the SEF.

Key findings

An increasing trend in real property tax collections was observed in the data. In terms of SEF utilization, national data showed that it is broadly underutilized, with an uneven trend observed within the Cohort 1 provinces. While utilization rate of the Cohort 1 provinces is overall around 90%, Sorsogon had a utilization rate of 68%. Among the LGUs, cities better utilize the SEF as the Municipalities and Provinces share their SEF. The provinces showed the lowest SEF utilization rate.

The majority of the SEF is spent for Miscellaneous and Other Operating Expenses (68%) where sports and donations account for the biggest share of expenditures, comprising 88% of aggregated MOOE expenditures, followed by training and scholarships—a distant third place, each at 4%. In terms of priorities for SEF spending, data showed that school sports activities, repair and maintenance of school buildings and IT equipment and services are the top priorities.

The general fund is another funding source for education expenses. Based on data from interviews, the general fund is used for all other expenses that are not allowed by SEF guidelines. Data shows that SEF spending and education spending from the general fund is almost equal.

While the early grades were seen as a priority by the provinces in this assessment, this does not translate to funding. Less than 1% was spent on projects related to early grades, which include for example chairs for kindergarten and printing of MTB-MLE materials.

The Provincial School Boards (PSBs) showed membership being expanded, at the time of research, to include key provincial functionalities – the planning and development officer, the accountant, and the budget officer were invited to be members of the PSB. There were also instances where non-government

organizations, local civil society organizations, and business groups were invited to join the PSB. According to the survey, the top three roles of the PSB include to review of the budget submitted by DepEd, to propose additional allocation of items, and to monitor expenditures. PSBs also provide support to low income municipalities.

Because of COVID-19 the priorities for SEF allocation shifted. SEF budgets were realigned to support the continuity of education. The top priorities of the PSBs at the time of research include printing and reproduction of modules and worksheets for students, purchase of printing equipment to be used by schools, and provision of internet connectivity in schools.

Key Recommendations

Research and analysis lead to recommendations to better mobilize LGUs and local stakeholders to support and sustain ABC+-introduced improvements in EGL. These recommendations are as follows:

- Improve the responsiveness of the SEF to accommodate needed expenses to ensure learning continuity. While the leagues were able to advocate for revisions to the SEF policy, this could further be improved by a review of the SEF policy and how it can be made more responsive to the current pandemic and what comes after.
- Rationalize the SEF budgeting process. As observed there is a general underspending of the SEF budget. This can be attributed to the government procurement system that causes delays in the procurement of SEF approved projects. This calls for a rethink of the budgeting process of the SEF, especially for budget items that require a longer period of procurement.
- Encourage the Local Chief Executives (LCE) to be education champions. LCEs respond to recognition and some form of recognition to education champions can be created to achieve this either independently or as part of the DILG Seal of Good Local Governance.
- Equitizing DepEd allocations across divisions and districts. The SEF should be considered as an equalization fund to augment national government funds, rather than as a major source of funds for education—especially in the case of resource-challenged schools in geographically isolated and disadvantaged areas.

- Vertical coordination between provincial and municipal LSBs. The municipalities and provinces share the SEF and funding should be coordinated between them. A mechanism should be developed to provide a venue for the provincial and municipal LSBs to come together and jointly plan and prioritize funding support for their public schools.
- Harmonize the school improvement plan (SIP) and community development plan (CDP). These two processes are independent of each other and harmonizing them could mean more synergy and a more diverse funding source from both DepEd and the LGU.
- Ensure continuity of the LSB projects through changes in the LCE. 2022 being an election year poses a challenge in the continuity of LSB priorities with changes in leadership at the provincial, city, and municipal level. Expanding the membership of the LSB to include tenured personnel in the LGU and the participation of civil society organization is one way to do this.
- Support for Legislative Action to Amend LGC Provisions of the SEF, Strengthen the LSB, and Harmonize the Schedule of Market Values. Initiatives are underway in the 18th Congress of both the Senate and House of Representatives that aim to rationalize SEF expenditures by broadening the scope of SEF usage—for example, by giving local school boards the leeway to effectively plan for budget allocations and appropriations, based on the needs of the education sector.

The results of this research are not intended to serve as a single point of reference or reflection, but should rather be used in a continuous process of analysis as based on a quickly changing context and base of evidence from which to draw.

01 INTRODUCTION

The League of Provinces of the Philippines, in partnership with The Asia Foundation, and with funding from the United States Agency for International Development, is spearheading the Leading Partnerships and Participation for Learning, Education, and Development (LPP-LED) in the Bicol and Western Visayas Regions. The project aims to strengthen the respective provinces' capacity to establish systems, rationalize plans, mobilize and manage resources in support of improved learning outcomes of children at the primary level. Likewise, to complement their education-related programs with the DepEd's priority programs.

The LPP-LED project is part of USAID's ABC+ project and will work with the provincial governments in sustaining improvements introduced by ABC+. LGUs and other local stakeholders will be encouraged to work collaboratively and harmoniously in providing the necessary support and resources for a child's educational development. To do this, the LPP conducted a baseline study to understand entry points for early grades learning support in the following provinces: Albay, Camarines Norte, Sorsogon, and Negros Occidental. These provinces are Cohort 1 provinces of the ABC+ project.

Objectives and Expected Outputs

General Objective

The LPP LED aims to support early grade learning (EGL) outcomes in selected regions through education programs, projects, and activities (PPAs) in partnership with provinces (including their component municipalities), and other local stakeholders. The baseline will identify existing funding mechanisms and how it can be improved so that some funding can be allocated to improving early grades learning.

Specific Objectives

1. Identify income streams and alternative funding sources to finance teacher training and learning materials specifically required for children at the primary level
2. Identify gaps and challenges in planning, appropriating funds, and implementing basic education policies and PPAs, and
3. Increase local stakeholders' engagement in planning and implementing sustainable basic education services, programs, and policies

Expected Outputs

1. Scoping mission report to identify the education policies at the pilot sites, prepare a stakeholders map, and identify funding for the local school board (LSB) budget
2. Report on the rapid appraisal survey on special education fund (SEF) budget spending in the LPP-LED project pilot provinces and complementary funding from the respective municipalities.

Methodology and Data Sources

The LPP utilized the following methods to gather data:

- Data mining and analysis
- Rapid appraisal of SEF expenditures and the local school board's composition
- Key informant interviews

Interviews with LGU officials were originally planned by the LPP team. However, the declaration of community quarantines due to COVID-19 limited the interviews to virtual interviews and phone interviews.

Data Sources

- Department of Finance Bureau of Local Government Finance (BLGF) fiscal data
- Provincial and municipal data
- Department of the Interior and Local Government Full Disclosure Portal data
- Commission on Audit auditing reports
- Special Education Fund Expenditure Reports
- Official government data sources

02 DATA FINDINGS AND ANALYSIS

Brief Background on the Study Provinces

The four provinces selected for the baselines were the cohort 1 provinces of ABC+ regions as selected during the start of the project. These provinces correspond to the divisions where ABC+ started their support in year 1. This was done to understand the provinces and so that ABC+ interventions introduced in the cohort 1 DepEd divisions can be supported at the regional level.

- Albay is a first-class income province¹ of 2,576 square kilometers with 16 municipalities. According to the 2015 Census of Population and Housing,² Albay had a population of 1.3 million, and a population density of 510 persons per square kilometer.
- Camarines Norte is a second-class income province of 2,320 square kilometers with 13 municipalities. Camarines Norte had a population of about 583,000 and a population density of 250 persons per square kilometer (2015).

¹ According to Executive Order no. 249, first class LGUs are those that have obtained an average annual income of thirty million pesos or more while second class income LGUs are those that have obtained an average annual income of twenty million pesos or more but less than thirty million pesos. For details, see the EO no. 249: https://www.lawphil.net/executive/execord/eo1987/eo_249_1987.html

² All population and population density figures in this section are from the 2015 Census of Population and Housing. For details, see the Philippines Statistics Authority website: <https://psa.gov.ph/population-and-housing/node/120080>

- Sorsogon is a second-class income province of 2,119 square kilometers with 15 municipalities. Its population was 793,000, with a population density of 370 persons per square kilometer (2015).
- Negros Occidental is a first-class income province of 7,965 square kilometers with 19 municipalities. Its population was 1.35 million, with a population density of 380 persons per square kilometer (2015).

PROVINCE	INCOME CLASS	POPULATION		LAND AREA (SQ. KM.)	POPULATION DENSITY
		2010	2015		
ALBAY	1st	1,223,432	1,314,826	2,575.77	510
CAMARINES NORTE	2nd	542,915	583,313	2,320.07	250
CAMARINES SUR	2nd	740,743	792,949	2,119.01	370
NEGROS OCCIDENTAL	1st	1,286,666	1,354,995	7,965.21	380

Table 1. Key Demographics of Study Provinces

On the RPT Collections and the SEF

Over this five-year study, from 2014 to 2018, real property tax (RPT) collections have been increasing in all four provinces. Although collections declined in some years, they subsequently rose again.

Table 2 shows the total combined RPT collections for the General Fund (GF) and the SEF in Cohort 1 provinces.

PROVINCE	TOTAL RPT COLLECTIONS (GF+SEF) - (PHP, millions)					
	2014	2015	2016	2017	2018	2019
ALBAY	62.90	78.87	57.71	63.17	91.96	75.25
CAMARINES NORTE	20.44	24.64	34.21	31.04	38.32	36.82
CAMARINES SUR	24.77	17.97	21.21	25.05	25.87	29.15
NEGROS OCCIDENTAL	115.60	116.48	124.40	142.97	141.06	158.16

Table 2: Combined Real Property Tax (General Fund) and Special Education Fund Collections

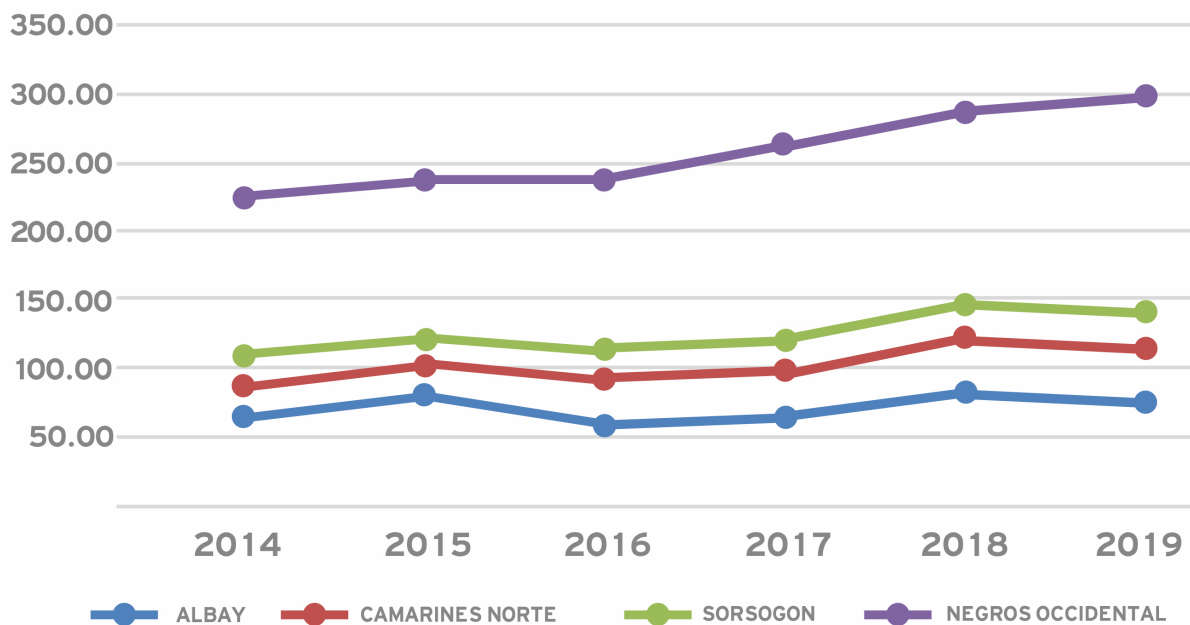


Figure 1: Six-year Annual Real Property Tax Collections (Year-on-Year)

In the Philippines, provinces, cities, and municipalities are responsible for the collection of real property tax. Unlike cities, where 100% of the RPT collected accrues to Local Government Units (LGUs), the provinces and municipalities get an equal share of the RPT.

The RPT applies to all forms of real property—land, buildings, improvements to land and buildings, and machinery. Real properties owned by the government, charitable institutions, churches, cooperatives, and those used in the supply of water and electric power are exempt from paying RPT. Equipment used for pollution control and environmental protection is also not subject to this local tax.

Real property is appraised based on the prevailing current and fair market value where the property is situated. The Local Government Code (LGC) sets the upper limits of the assessment levels, depending on the classification of the real property. The province and its component municipalities determine the corresponding assessment and tax rate for the RPT that accrues to the LGU. However, the LGC has pegged the additional levy for the SEF at 1% of the assessed value.

The total RPT collection comprises two portions: that which accrues to the General Fund and the mandatory, additional 1% levy for the SEF. Figure 2 shows the annual SEF collections of the four provinces from 2014–19.

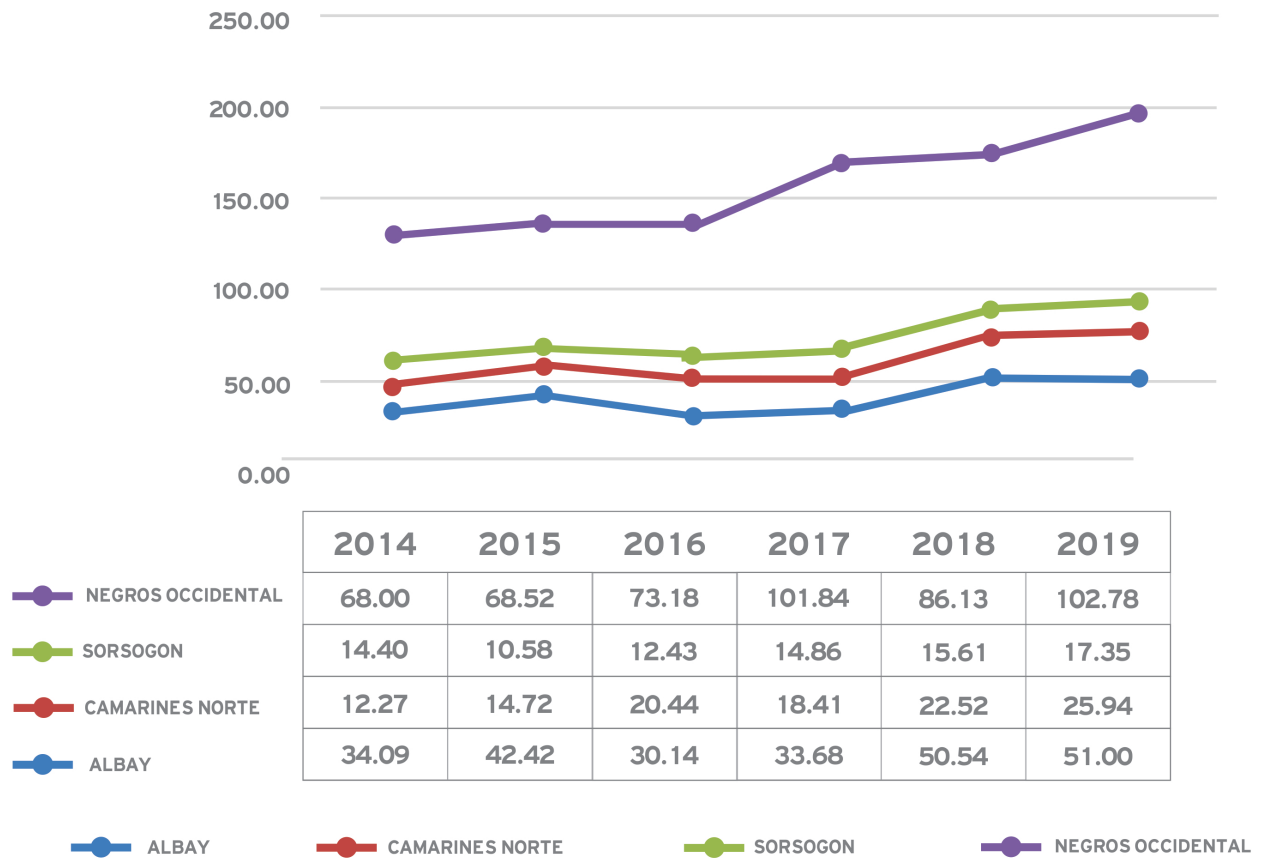


Figure 2: SEF Collections

Figure 3, which compares the RPT collections that accrue to the General Fund and the amount earmarked for the SEF, shows that SEF collections are generally higher than the RPT itself.

This is because the LGC allows LGUs, through their respective councils to set both the market value assessment levels for real properties and their tax rate provided they do not go beyond the upper limits set by law).

LGUs are required to collect no less than 1% of the assessed value of real property as an additional levy for the SEF.

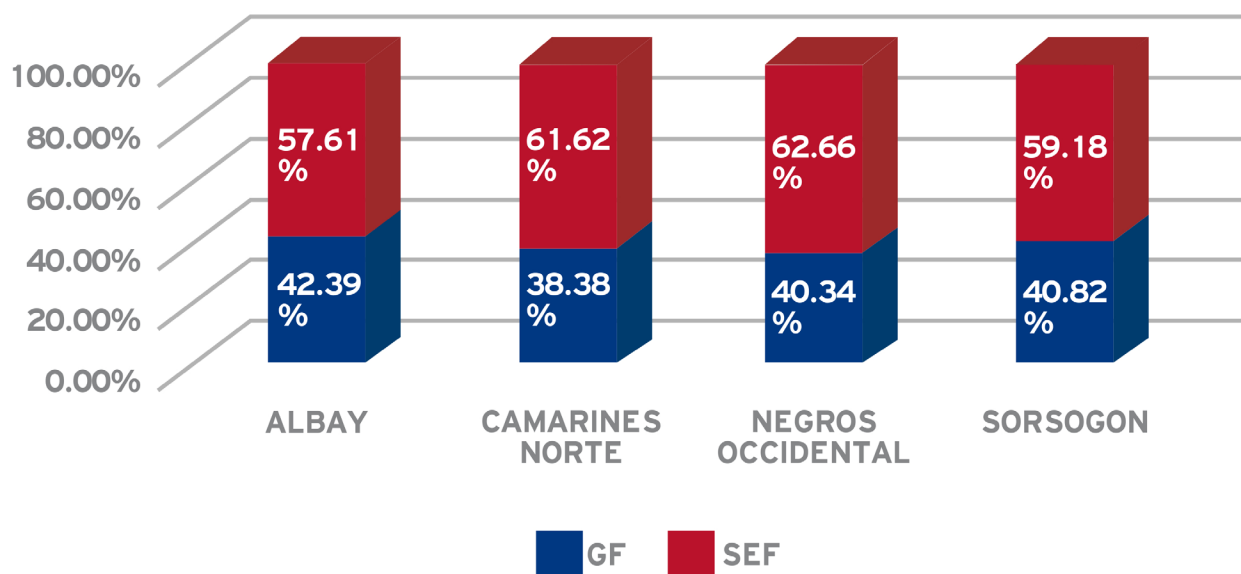


Figure 3: Comparative RPT collections for GF vs. SEF

Table 3 shows the year-on-year breakdown of RPT collections that goes into the General Fund and the SEF in the provinces included in this study:

PROVINCE	GENERAL FUND - (PHP, millions)					
	2014	2015	2016	2017	2018	2019
ALBAY	28.81	36.45	27.57	29.49	31.41	24.25
CAMARINES NORTE	8.17	9.92	13.78	12.63	15.80	10.88
NEGROS OCCIDENTAL	47.6	47.96	51.23	41.12	54.94	53.38
SORSOGON	10.33	7.39	8.77	10.19	10.25	11.80
PROVINCE	SPECIAL EDUCATION FUND - (PHP, millions)					
	2014	2015	2016	2017	2018	2019
ALBAY	34.09	42.42	30.14	33.68	50.54	51.00
CAMARINES NORTE	12.27	14.72	20.44	18.41	22.52	25.94
NEGROS OCCIDENTAL	68.00	68.52	73.18	101.84	86.13	102.78
SORSOGON	14.40	10.58	12.43	14.86	15.61	17.35

Table 3: Breakdown of RPT Collections: General Fund and SEF

On SEF Collections and Expenditures

Table 4 summarizes SEF collections and expenditures over the six-year study period:

PROVINCE	SEF COLLECTIONS - (PHP, millions)						SEF EXPENDITURES - (PHP, millions)					
	2014	2015	2016	2017	2018	2019	2014	2015	2016	2017	2018	2019
ALBAY	34.09	42.42	30.14	33.68	50.54	51.00	28.87	18.25	60.43	37.63	28.22	43.24
CAMARINES NORTE	12.27	14.72	20.44	18.41	22.52	25.94	7.84	66.93	19.76	11.33	27.13	23.26
NEGROS OCCIDENTAL	14.40	10.58	12.43	14.86	15.61	17.35	6.56	10.49	11.05	9.09	8.34	12.22
SORSOGON	68.00	68.52	73.18	101.84	86.13	102.78	59.71	49.42	77.19	47.76	72.86	137.74

Table 4: SEF Collections vs. SEF Expenditures (2014–19)

SEF Expenditures

In contrast to the fairly consistent upward trajectory of SEF collections shown earlier in Figure 2, expenditures levels vary, year-on-year, as shown in Figure 4.

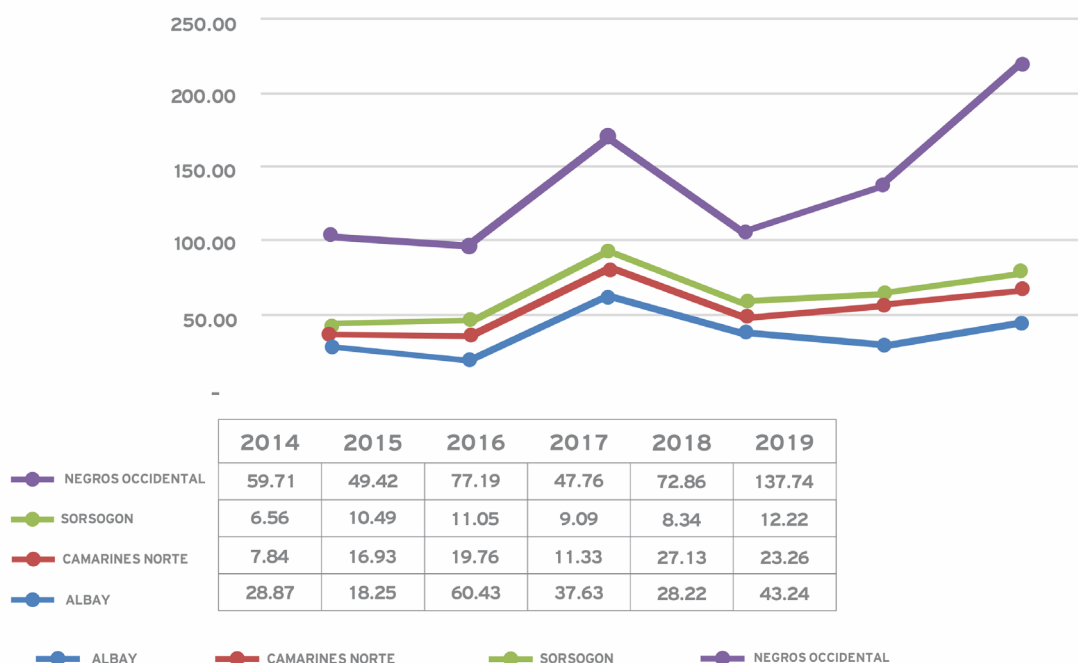


Figure 4: Comparative SEF Expenditures

There was a notable spike in SEF expenditures in 2016. This was because special education funds were allocated to supplement funds from the national government for senior high school (grades 11 and 12), and particularly for laboratories, workshops, equipment, and materials.

In 2017, SEF spending for personal services, maintenance and other operating expenses (MOOE), and capital outlays declined.

Figures 5, 6, 7, 8, 9, and 10 show the comparative breakdown of SEF collections and expenditures for 2014, 2015, 2016, 2017, 2018, and 2019, respectively.

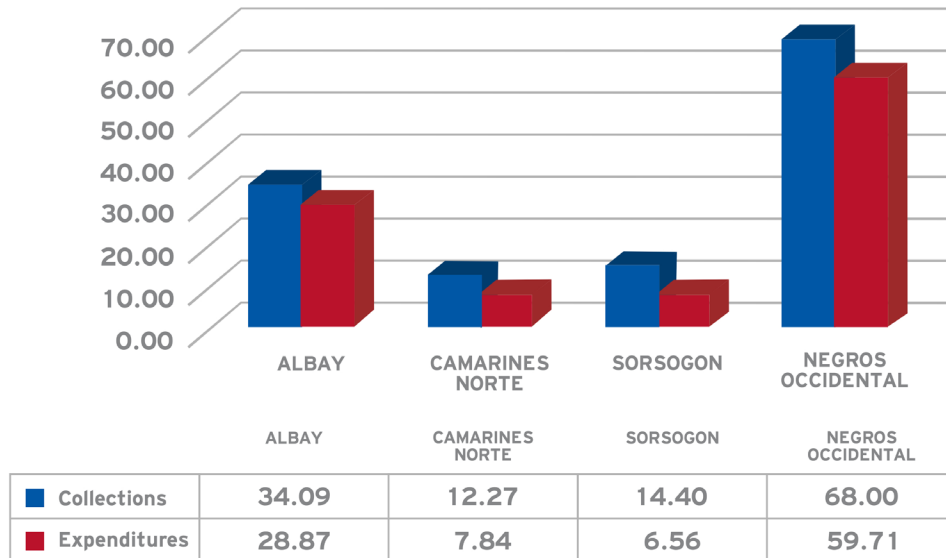


Figure 5: 2014 Comparative SEF Collections vs. Expenditures

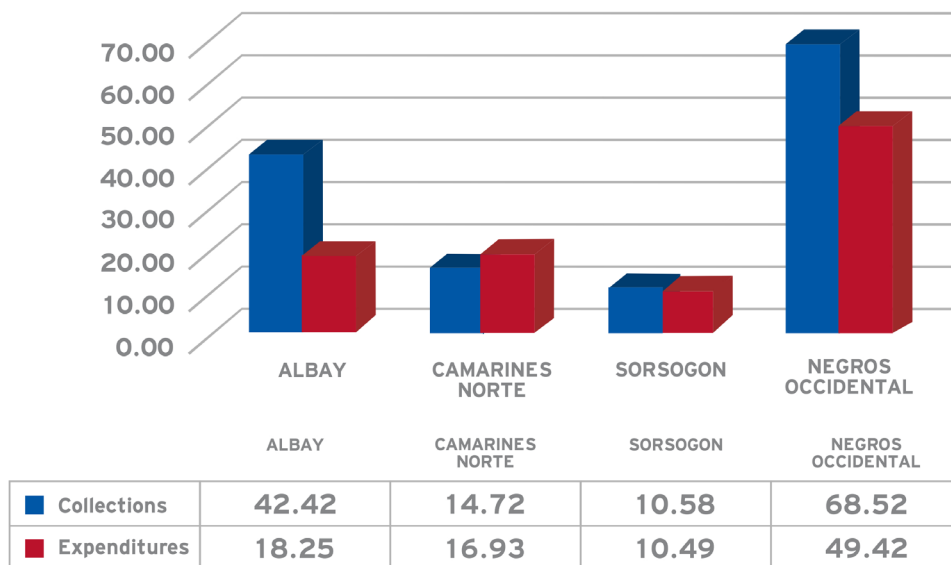


Figure 6: 2015 Comparative SEF Collections vs. Expenditures

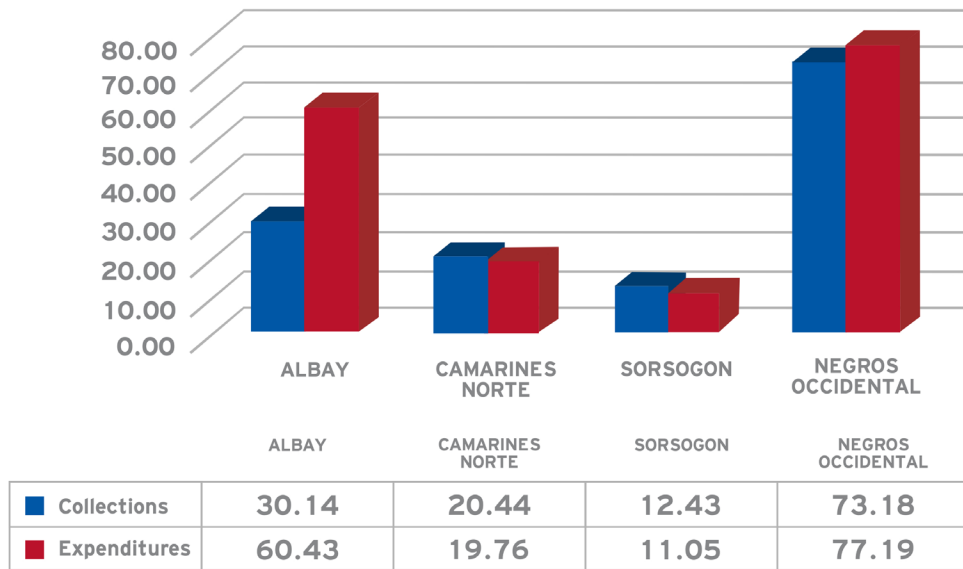


Figure 7: 2016 Comparative SEF Collections vs. Expenditures

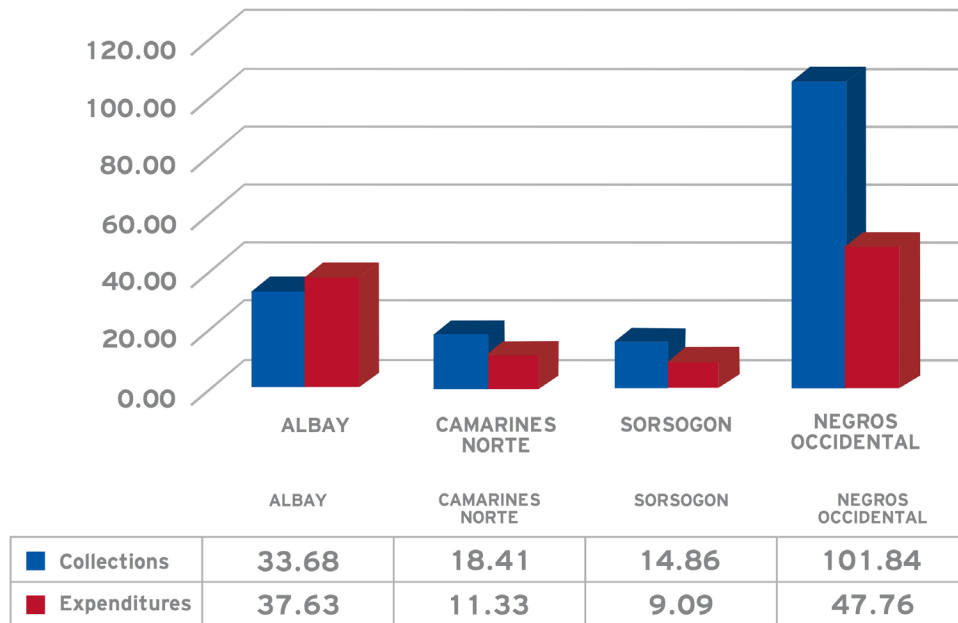


Figure 8: 2017 Comparative SEF Collections vs. Expenditures

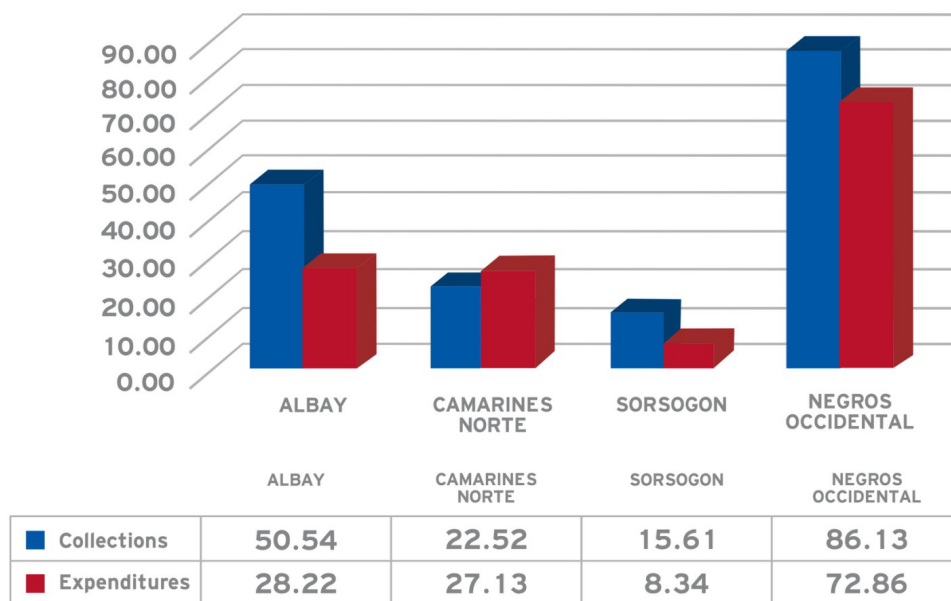


Figure 9: 2018 Comparative SEF Collections vs. Expenditures

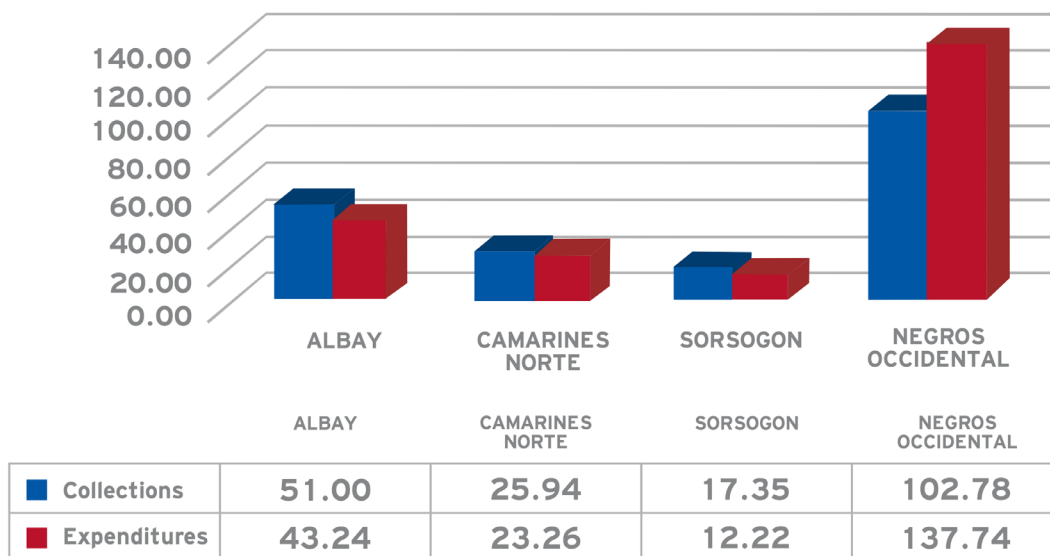


Figure 10: 2019 Comparative SEF Collections vs. Expenditures

Being a special use fund, all unutilized fund balances of the SEF are carried on to the next year's budget cycle. It can either be a part of the annual budget or as a supplemental budget. It is not uncommon for the LSBs to be approving several supplemental budgets for the SEF over a given year whenever additional collections come in.

On a year-on-year basis, as can be seen in Figure 11, SEF utilization has an uneven trend. There are some years wherein the expenditures far exceed that of the collections.

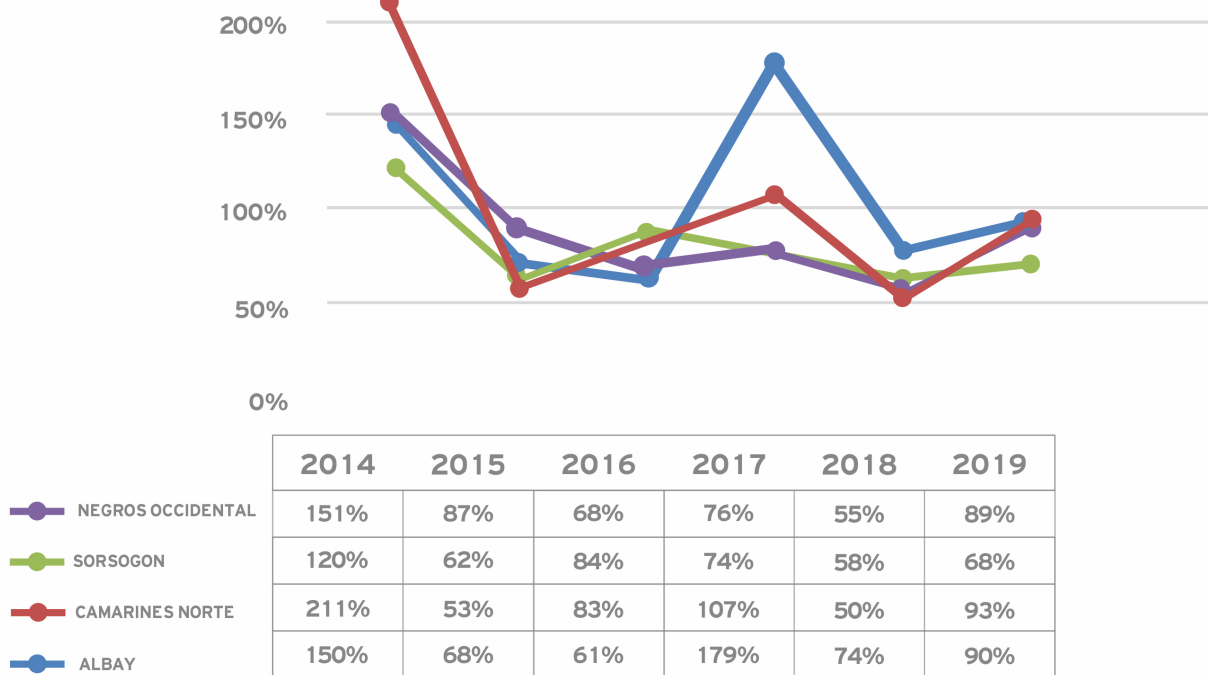


Figure 11: SEF Utilization (2014-2019)

The same also shows a general trend of either overspending or underspending among the four provinces.

This can be attributed to the time it takes to complete infrastructure projects that results into multi-year spending. Likewise, LSBs usually allocate unused funds from previous year's collection for the next year in the form of supplemental budgets.

Figure 12 is the cumulative 5-year SEF collections and expenditure of the provinces that were studied, while Figure 13 is the cumulative percentage of SEF utilization.

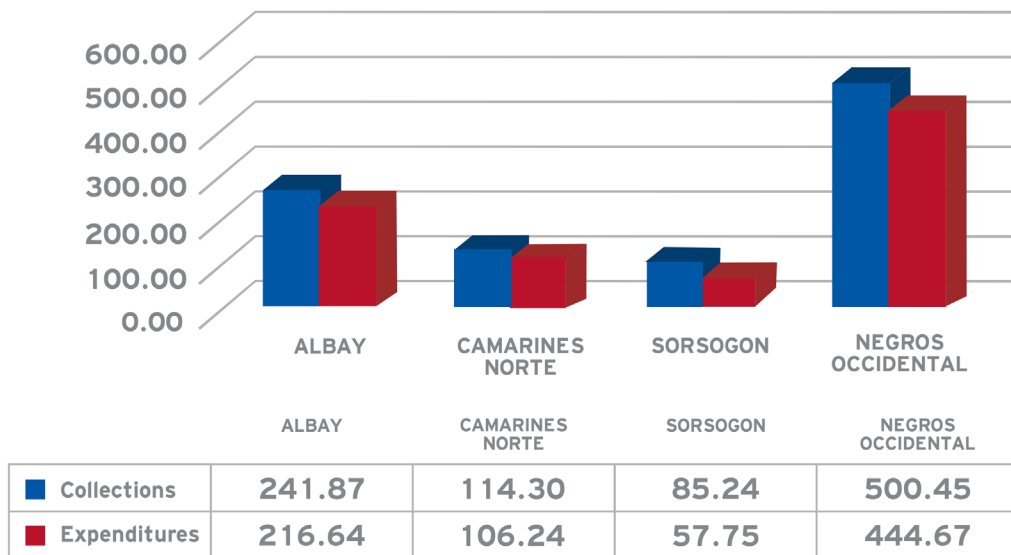


Figure 12: 5-year Cumulative SEF Collections vs. Expenditures

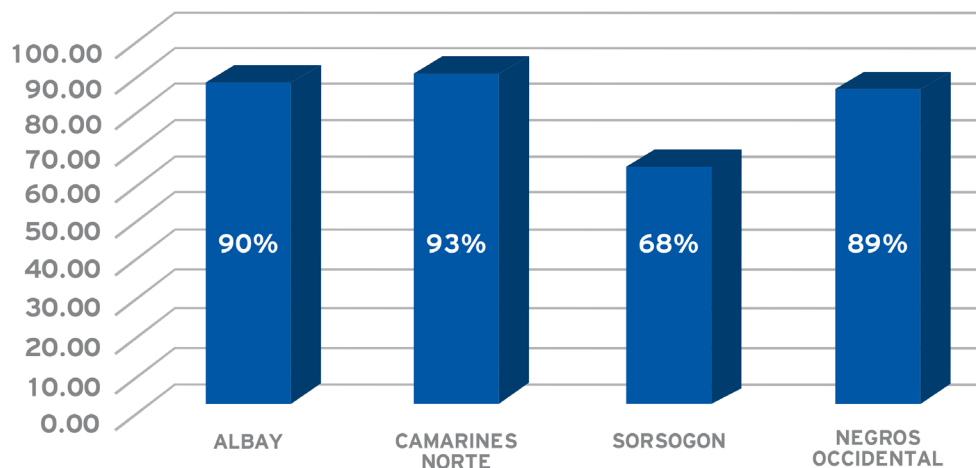


Figure 13: Cumulative SEF Percentage Utilization (2014-2019)

Except for the Province of Sorsogon with a cumulative utilization rate of 68% over the six-year period, the other study provinces were relatively high at between 89-93%.

Correlating this to national data for all provinces for the years 2014-2018, Table 5 and Figure 14 shows a consistent underutilization of the SEF, averaging at 62.12% average utilization.

YEAR	RECEIPTS	EXPENDITURES	SEF UTILIZATION
2014	3,757,769,194.08	2,855,673,480.63	76.00%
2015	3,956,576,247.61	2,818,070,490.83	71.20%
2016	4,326,524,006.42	2,631,454,762.67	60.80%
2017	5,509,951,306.65	2,934,662,956.01	53.30%
2018	5,808,866,070.81	3,153,776,028.64	54.30%

Table 5: Total 5-year SEF Utilization Rate for Provinces

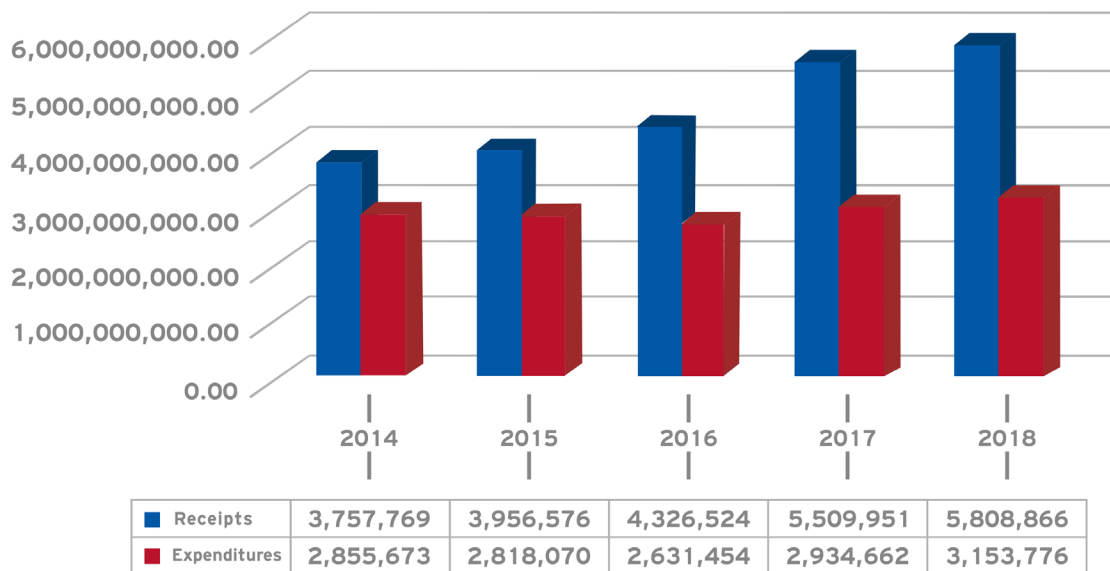


Figure 14: Comparative SEF Collections vs. Expenditures for All Provinces

Part of this underutilization could be attributed to the SEF budget cycle. The budget of the next fiscal year is based on current year collection, part of which are based on estimated collections for the second semester of the year.

The other part are the budgetary allocation items which remain unobligated at the end of the fiscal year. These unobligated budget items are found mostly in the MOOE. Likewise, there were also expenditure items where the allocation far exceeded the obligation cost by as much as 75%

The study attempted to look further across LGU levels to determine SEF spending patterns. Table 6 on the 2018 SEF Receipts and Expenditures shows that the trend on underspending can also be found in cities and municipalities.

LGU UNIT	RECEIPTS	% TO TOTAL RECEIPTS	EXPENDITURES	% TO TOTAL EXPENDITURES	UTILIZATION
PROVINCE	5,808.87	18%	3153.78	16%	54.3%
CITY	20,868.15	64%	12,935.81	65%	62.0%
MUNICIPALITY	5,851.27	18%	3775.91	19%	64.5%
TOTAL/AVE.	32,528.28	100%	19,865.40	100%	61.1%

Table 6: Comparative SEF Utilization Across Provinces, Cities and Municipalities for 2018

A cursory study of Figure 15 also reveals that cities are collecting more from the SEF than the provinces and municipalities put together.

This may be attributed largely to the fact that residential, commercial and industrial real properties have a higher market value than agricultural lands.

Likewise, the density of residential, commercial and industrial real properties are found more in metropolitan cities, compared to the provinces and municipalities put together.

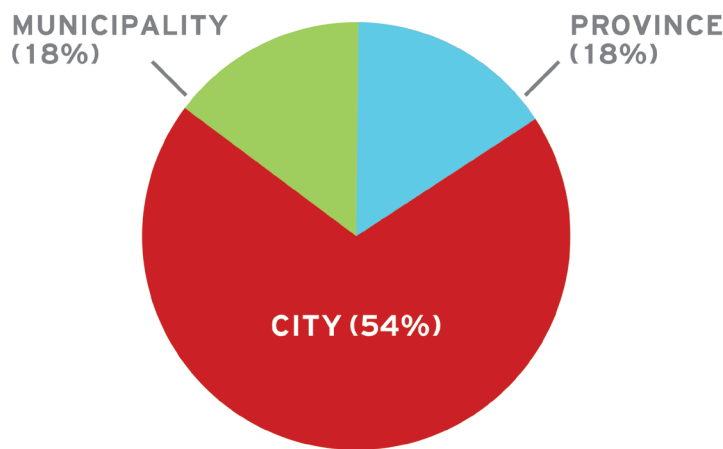


Figure 15: LGU Level Share in RPT Collection (2018)

Notwithstanding that residential, commercial and industrial real properties have a lower threshold in terms of the maximum assessed value that can be imposed by an LGU, these have an intrinsically higher market valuation than agricultural, forest and mineral lands.

In terms of SEF utilization across LGU levels, the expenditure patterns are consistent with the collections, with cities taking the biggest share, compared to its counterparts in the provinces and municipalities as shown by Figure 16.

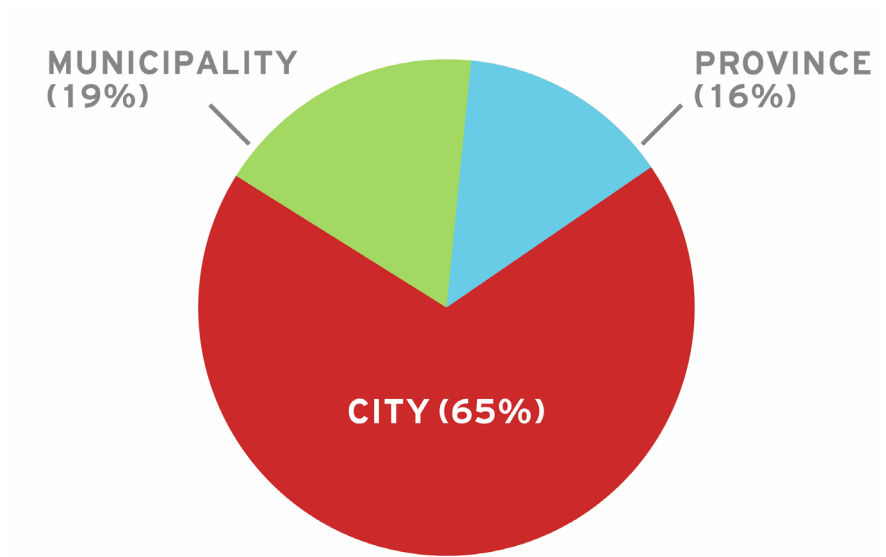


Figure 16: LGU Level Share in SEF Utilization

Figure 17 likewise shows a pattern of underspending across LGU levels, but with the provinces having the lowest SEF utilization rate of 54.3%.

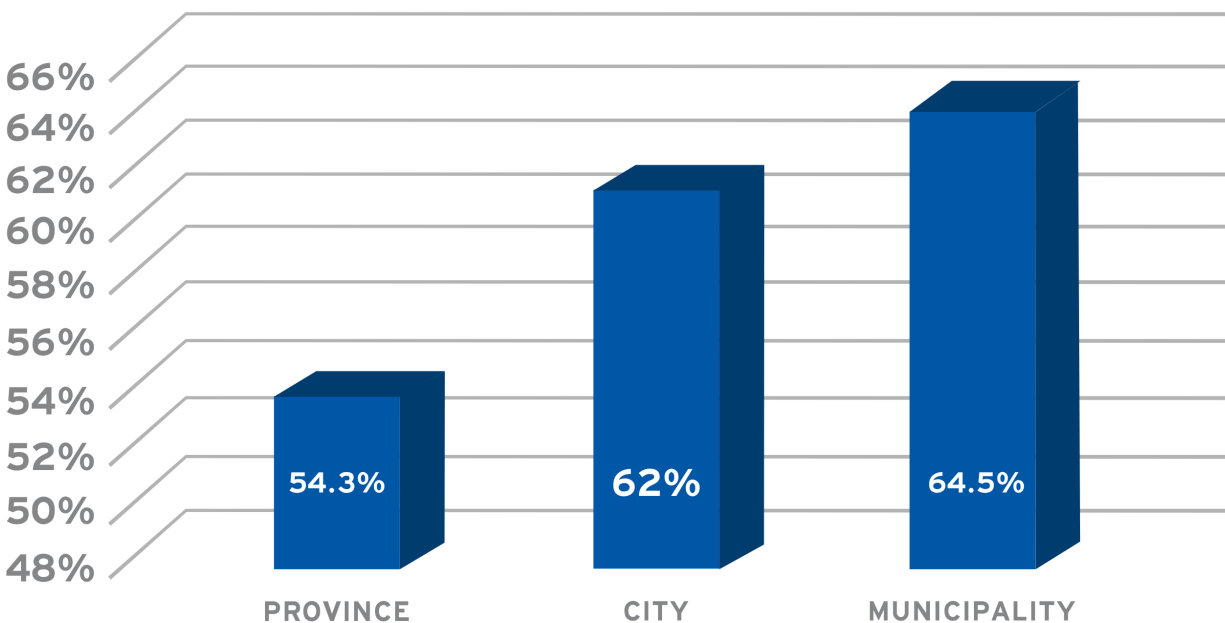


Figure 17: Comparative SEF Utilization Across LGU Levels (2018)

SEF and Local Incomes and Expenditures

Compared to the provinces' tax revenues and the internal revenue allotment (IRA), SEF collections are barely comparable, as shown in Figures 18 and 19, respectively.

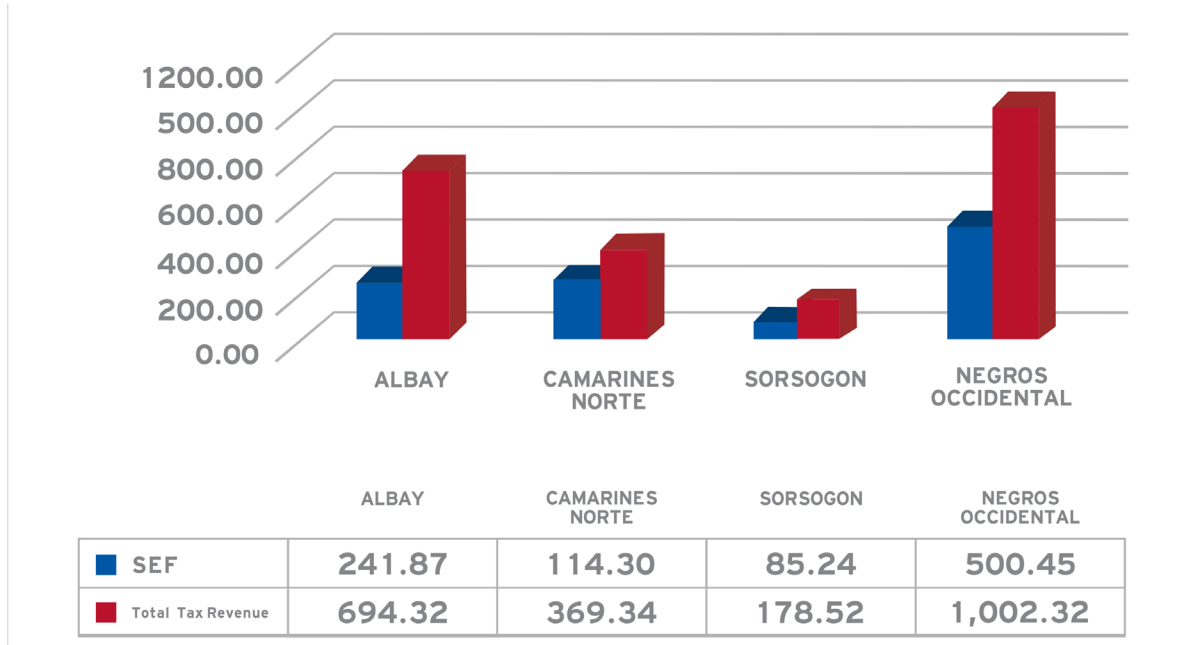


Figure 18: Aggregated SEF vs. Local Income (2014-2019)

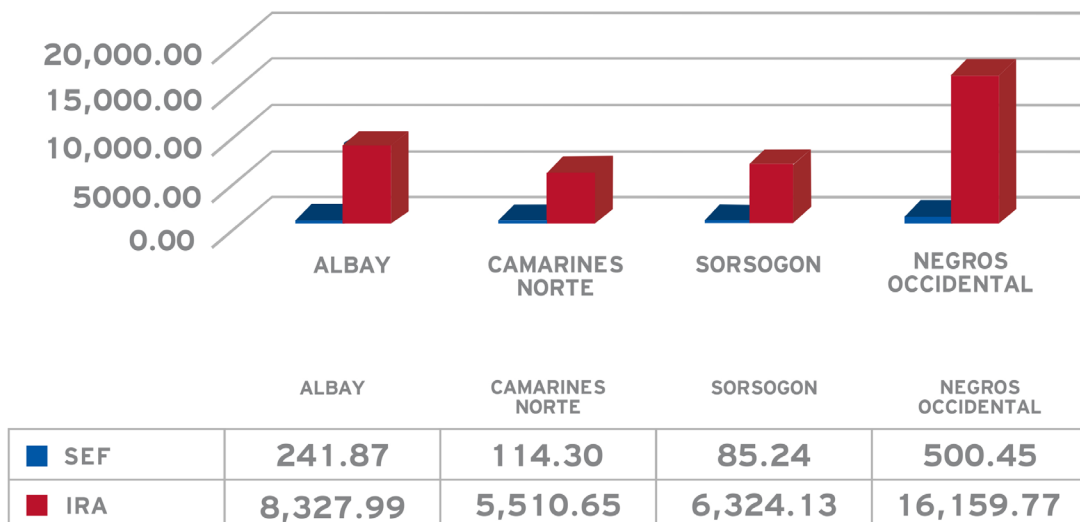


Figure 19: Aggregated SEF vs. IRA (2014-2019)

LGU Spending on Education and Other Revenue Streams

Apart from the SEF, the LGUs also appropriate amounts for education-related programs, projects and activities from the General Fund. These PPAs, however, are more focused on local scholarship programs, funding for local colleges, and technical and vocational training programs. These are mostly expenditure items that do not fall within those allowed under the SEF.

Figure 20 shows an almost one-is-to-one correlation between the amounts provinces spend from the SEF and that from its general fund for education.

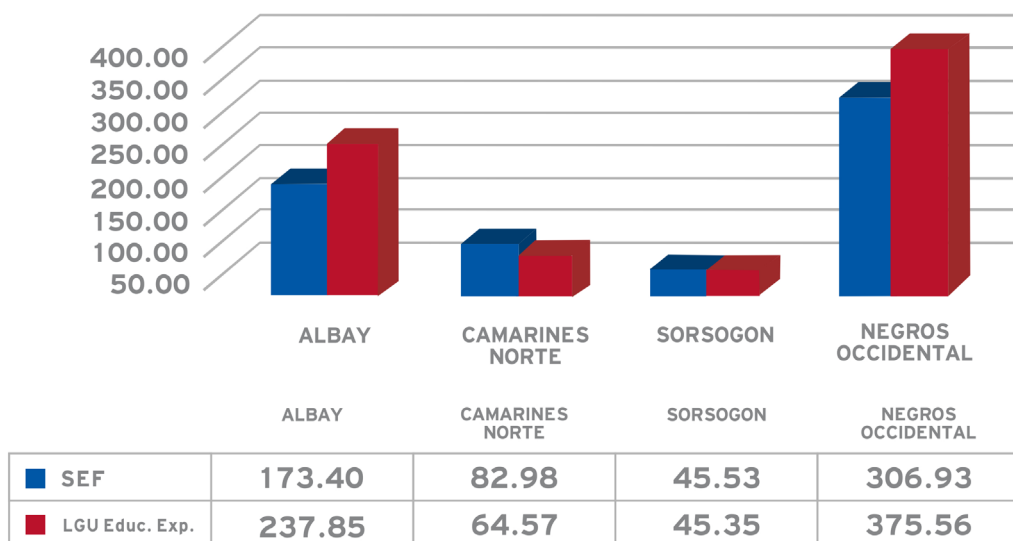


Figure 20: Cumulative SEF vs. LGU Education Spending (2014-2019)

Apart from the General Fund, provinces also utilize subsidies from other trust funds, such as its share from the Philippine Charity Sweepstakes Office's (PCSO) operations of lotto and small town lottery and from Philippine Amusement and Gaming Corporation, for identified education-related programs.

SEF spending accounts only for between 1% to 3% of total expenditure of the provinces. Figure 21 shows the cumulative SEF spending as a portion of total expenditures. The SEF is very small, and if compared to the entire expenditures, it is in fact almost negligible and cannot be considered a major fund source for education.

Data would validate that the SEF is just a supplemental fund, and cannot replace the actual budgetary allocation by the DepEd to public schools.

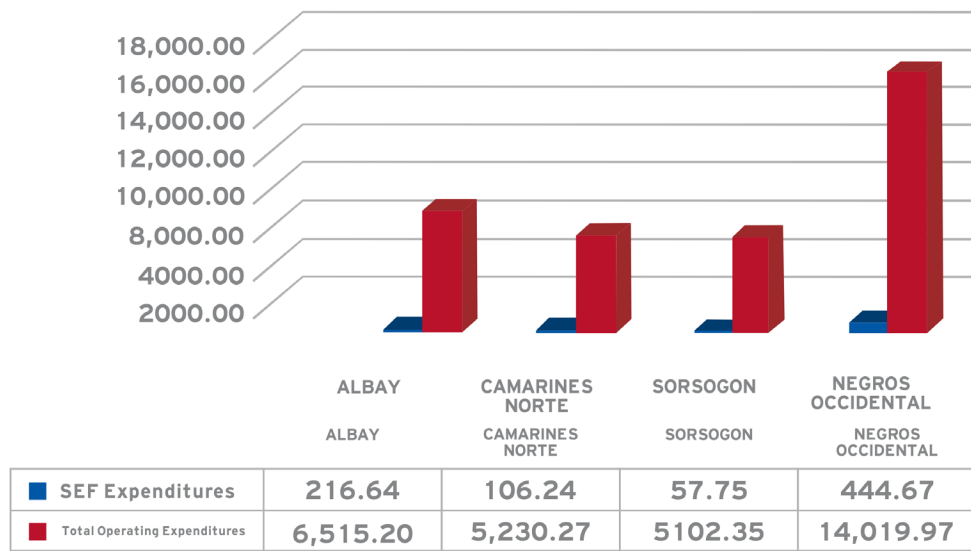


Figure 21: SEF vs. Total Expenditure

Indicative SEF Budgets for 2021

In preparation for the 2021 SEF planning cycle, the finance cluster of the provincial governments of the Cohort 1 provinces have released the indicative budget for the coming year, as follows:

PROVINCE	AMOUNT
ALBAY	PHP 44,000,000.00
CAMARINES NORTE	PHP 30,000,000.00
SORSOGON	PHP 17,000,000.00
NEGROS OCCIDENTAL	PHP 98,500,000.00

Table 7: 2021 Indicative SEF Budgets

SEF UTILIZATION AND PRIORITIES

The baseline study shows that at least 86% of SEF spending of Cohort 1 provinces comprise of MOOE, while the shares of capital outlay and personal services are 9% and 5% respectively. This is illustrated by Figure 22.

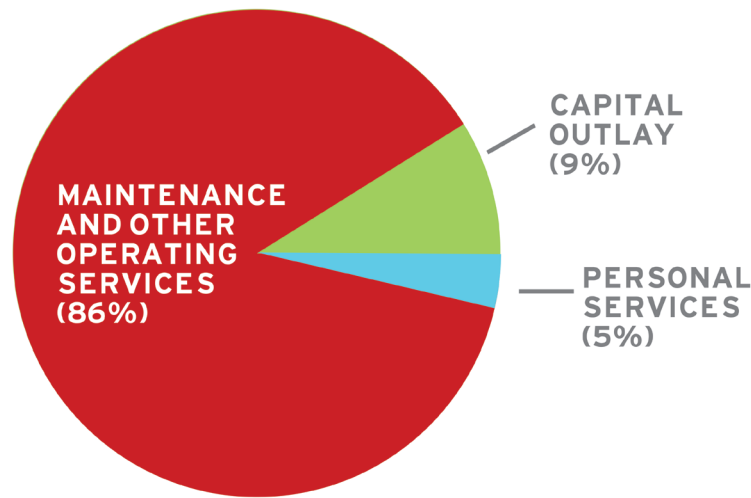


Figure 22: SEF Utilization Profile of Cohort 1 Provinces

Figures 23 and 24, further breaks down the expenditure priorities for capital outlay and maintenance and other operating expenses, respectively.

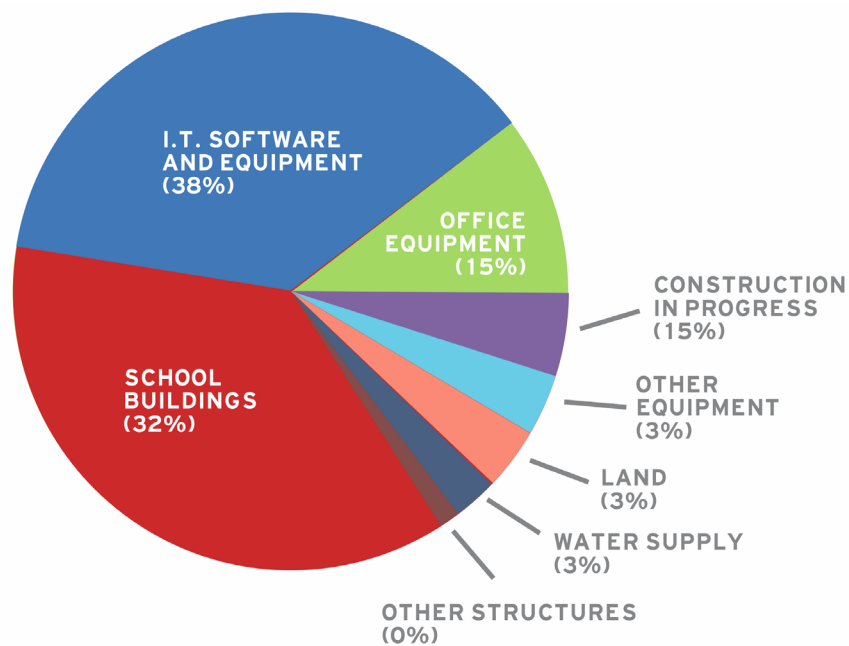


Figure 23: Profile of Capital Outlay Priorities

In terms of capital outlay, the priority expenditure areas are procurement of IT equipment and software, construction of school buildings, and acquisition of office equipment.

On the other hand, when it comes to MOOE, the biggest share of the expenditure pie goes to sports and donations that comprises 88% of the aggregated MOOE expenditures. Followed by a far third of training and scholarships.

It should be pointed out, however, that aggregating the data of Cohort 1 provinces would highlight the disparities in SEF collections and expenditures. The expenditures of smaller provinces would barely reflect into the over-all expenditure pattern of all provinces put together.

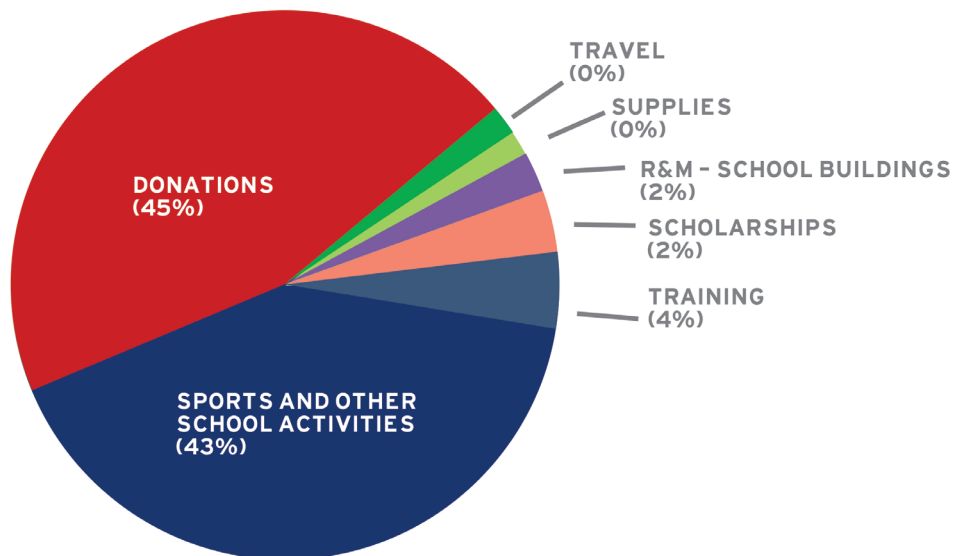


Figure 24: SEF MOOE Expenditure Profile of Cohort 1 Provinces

To validate the findings of the expenditure patterns of the study areas, the other provinces were asked to identify at least five priority SEF expenditure areas in the last five years.

Figure 25, identified the top five priority areas as: (1) sports activities; (2) repair and maintenance of school buildings including provision of water systems, (3) IT equipment and services; (4) books, workbooks and textbooks, and (5) salaries and wages of locally-hired teachers.

The expenditure priority areas indicate that, except for sports activities, provinces are inclined to allocate more funds from the SEF to the hard infrastructure and durable equipment, together with salaries and wages for locally-hired teachers.

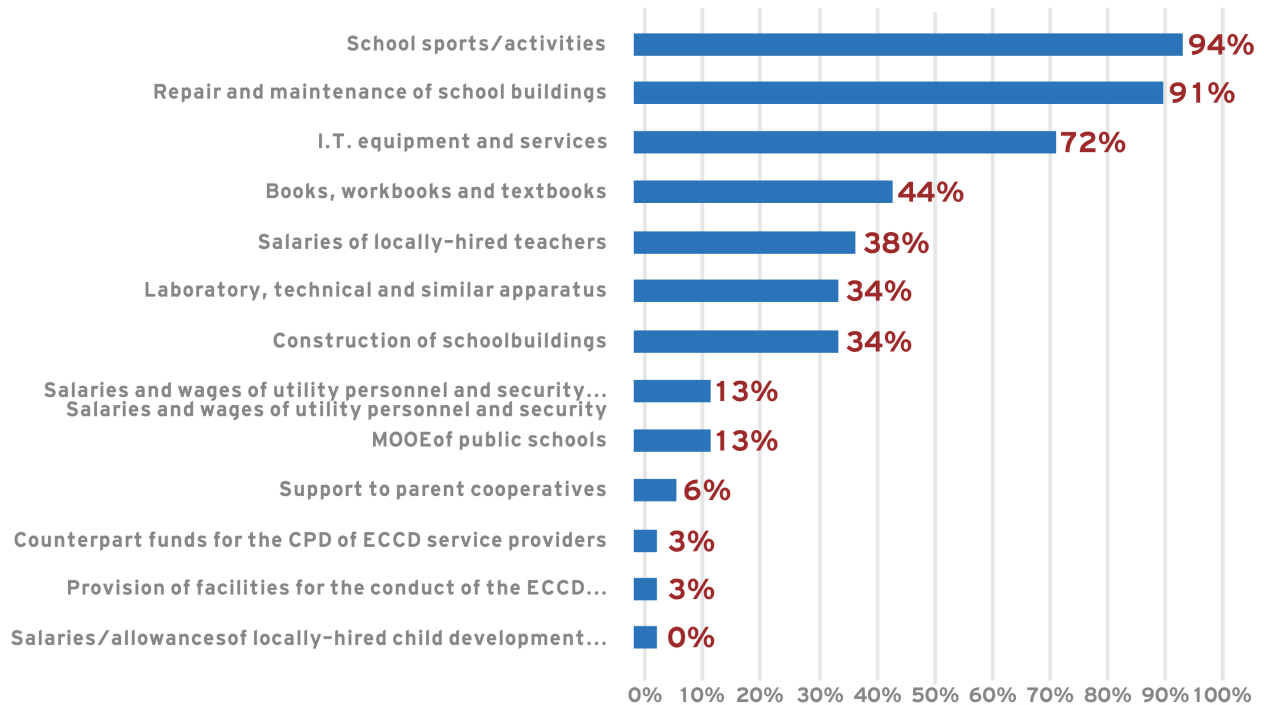


Figure 25: Priority Expenditure Areas for Provincial SEF

Education Key Stage Priority

The Department of Education has identified the K to 3 grades as the most crucial stage of education. It is at this level that the base for literacy and numeracy skills are formed, as well as those of social and inquiry skills.

Among the five key stages of education, provincial governments have identified primary grades 1 to 3 as the highest priority in terms of SEF funding. However, kindergarten, which is also an integral part of Key stage 1, gets the least priority in favor of the intermediate Grades 4 to 6 and even high school and senior high school, as shown in Figure 26.

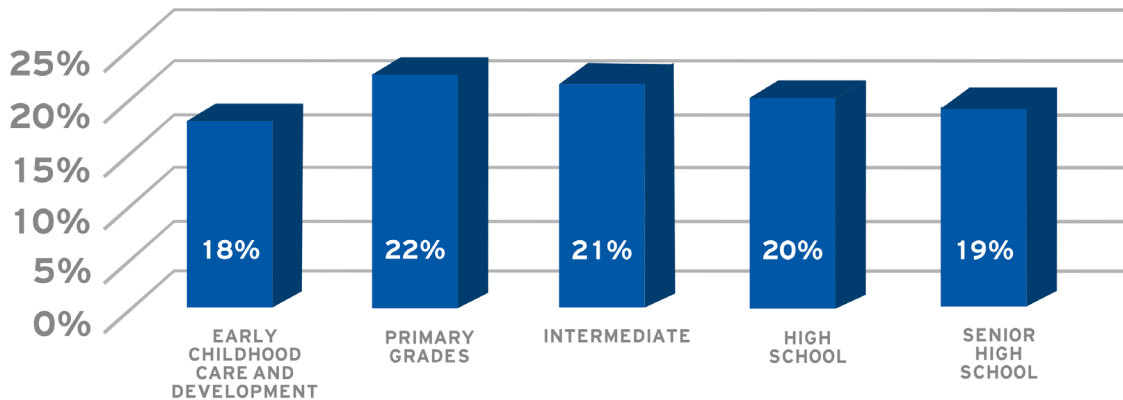


Figure 26: SEF Priority Per Education Key Stage

K to 3 and MTB-MLE Spending

The rapid assessment conducted on both provinces and their component municipalities show that among the key education levels, the primary grades 1 to 3 are given the highest priority.

However, the baseline studies on the Cohort 1 provinces expenditures barely reflects the spending for both K to 3 and Mother Tongue-Based Multi-Lingual Education, as shown in Figures 27 and 28, respectively.

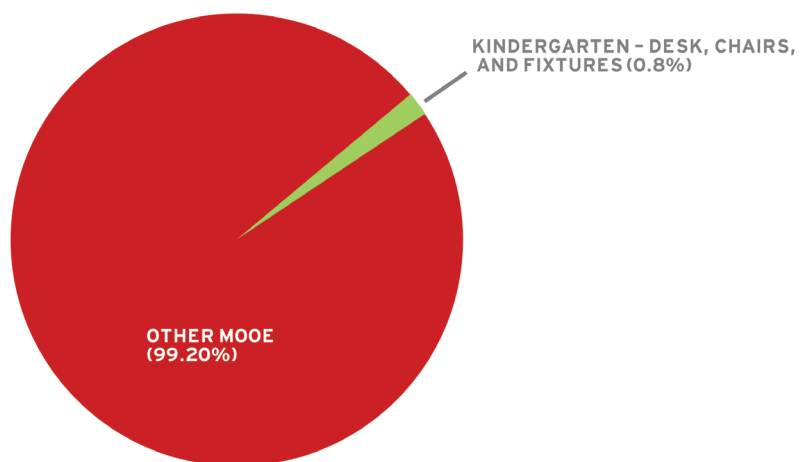


Figure 27: Aggregate SEF Spending on Kindergarten

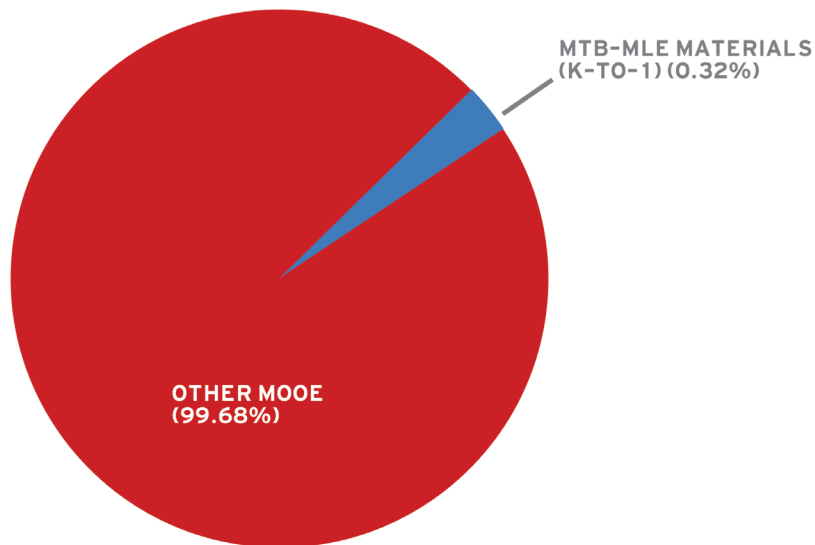


Figure 28: Cohort 1 Provinces' Spending on MTB-MLE Materials (K-1)

Up to the limitation of the data that could be disaggregated from the SEF utilization reports during the periods covered by the study, it would show that expenditures of Cohort 1 provinces in both kindergarten, and the Mother Tongue-Based Multi-Lingual Education MTB-MLE account for less than one percent of aggregated MOOE spending.

While it could be a function of reporting, actual spending for kindergarten and MTB-MLE programs could not be found in the SEF expenditure data, except for one province. Neither were there programs identified for early grades learning.

Membership to the Local School Board

Provincial School Boards are generally compliant with the provisions of the Local Government Code on the membership of the LSB, as shown in Figure 29. This is, however, with the exception of the representation of the SK.

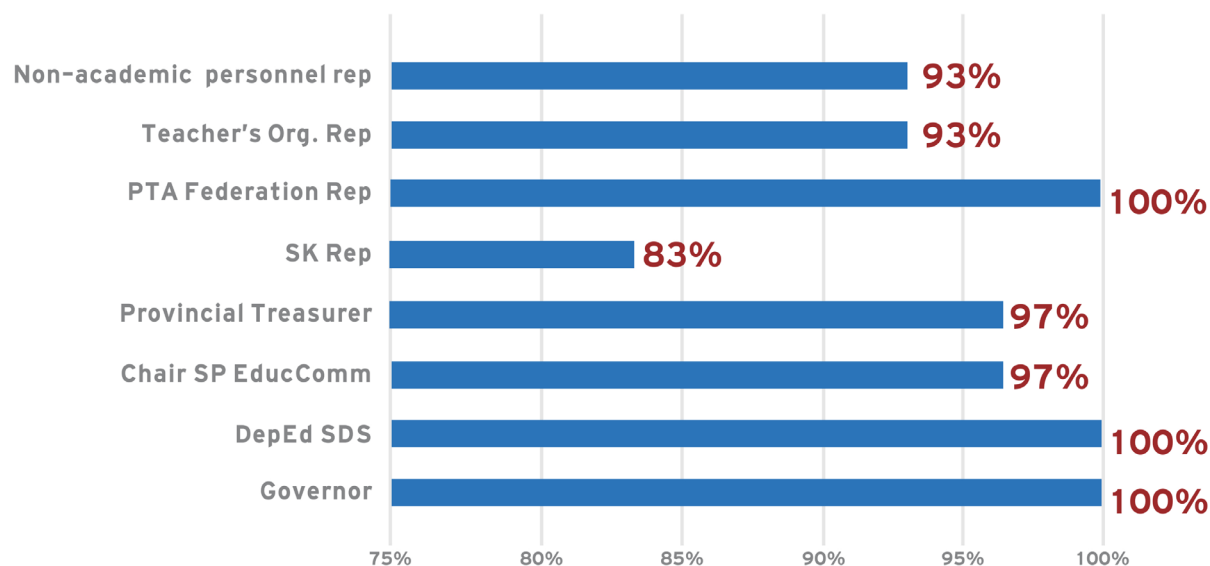


Figure 29: Compliance with Local School Board Membership

The rapid appraisal revealed that some provinces have actually expanded the membership of the board. This was done through the approval of an LSB resolution, an executive order from the Office of the Governor, or a resolution by the Sangguniang Panlalawigan.

The additional members include key provincial functionaries from the local finance committee such as the planning and development and budget officers and the accountant. In some cases, representatives from education-based or related NGOs and CSOs and the business sector were invited to be part of the PSB.

Frequency of PSB Meetings

The LGC mandates Local School Boards to meet once a month, or more often, as the need arises. Legal mandates, notwithstanding, Figure 30 shows that more LGUs held their meetings on a quarterly basis, rather than monthly.

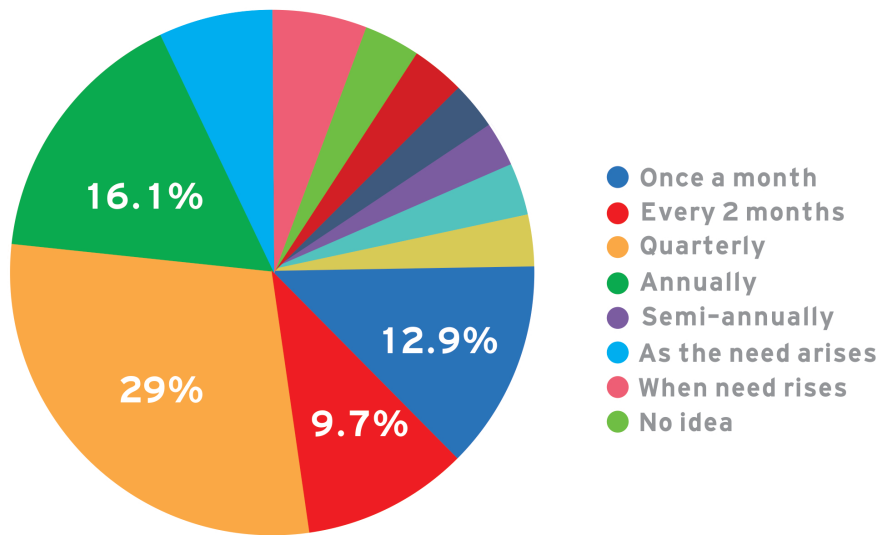


Figure 30: Frequency of PSB Meetings

Preparation of the SEF Budget and the Role of the Provincial School Board

In the preparation of the SEF budget, most provinces have been compliant with the provisions of the Local Government Code that the Schools Division Superintendent prepares the budget proposal for the SEF, and is subject to the discussion and approval of the members of the Local School Board, as shown in Figure 31.

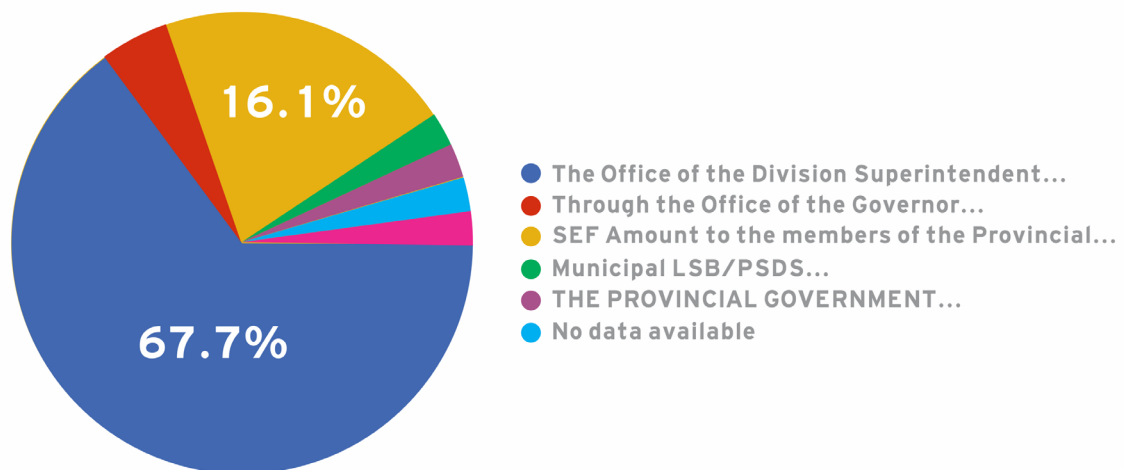


Figure 31: Responsible Entity for the Preparation of the SEF Budget

It is worth noting that there are some provinces who have taken the initiative to jointly discuss the SEF budget proposal jointly with the Schools District Superintendent to harmonize the SEF expenditures, with that of the provincial government spending on education from the general fund.

Relative to the deliberation of the SEF budget, Figure 32 shows that there is still room for LGUs to expand external partnerships in terms of soliciting proposal from other stakeholders.

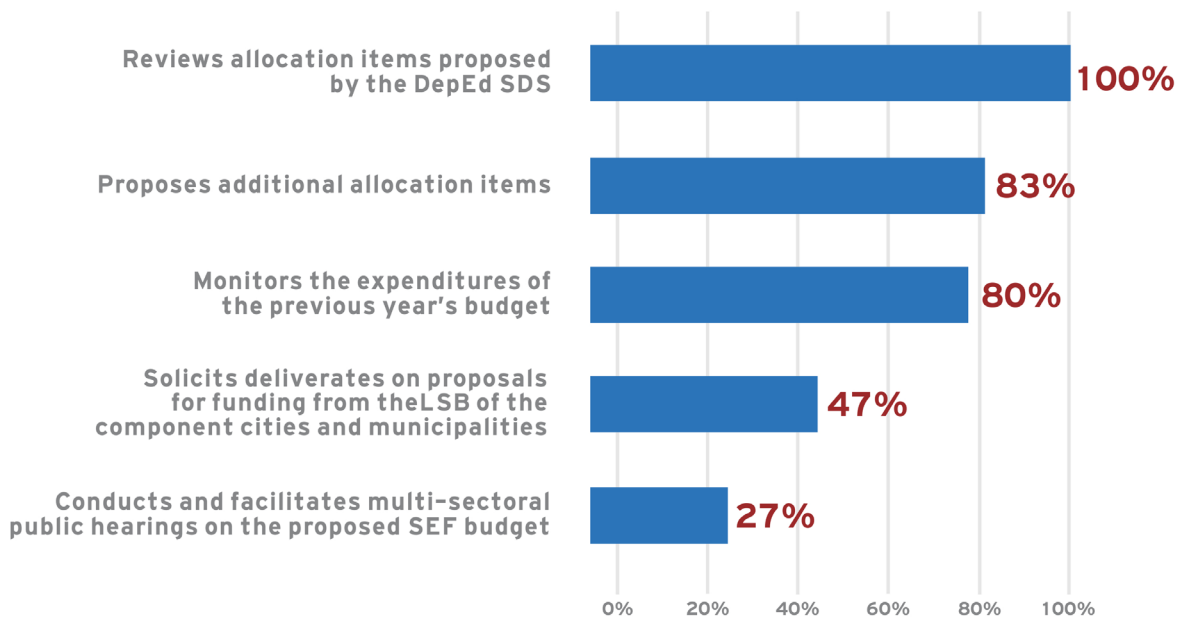


Figure 32: Role of the LSB in the SEF Budget Deliberation

As shown above, the role of the LSB is still very much limited to reviewing the budget proposal submitted by the PSDS, proposing additional allocation items and monitoring the previous year's expenditures.

There is still likewise, a low level of coordination with its municipal counterparts in terms of assistance for unfunded programs and projects.

Provinces' Assistance to Municipalities

The assistance of provinces to their municipal LSB counterparts in terms of the latter's programs, projects and activities from the SEF budget can best be described as very minimal as shown in Figure 33.

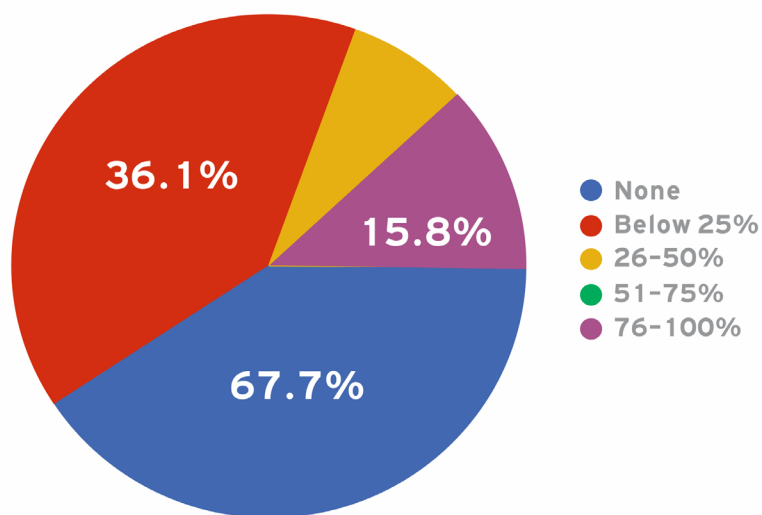


Figure 33: Level of Provincial SEF Assistance to Municipalities

The subsequent Figure 34 details the various issues that hold back PSBs from extending support to their component municipalities.

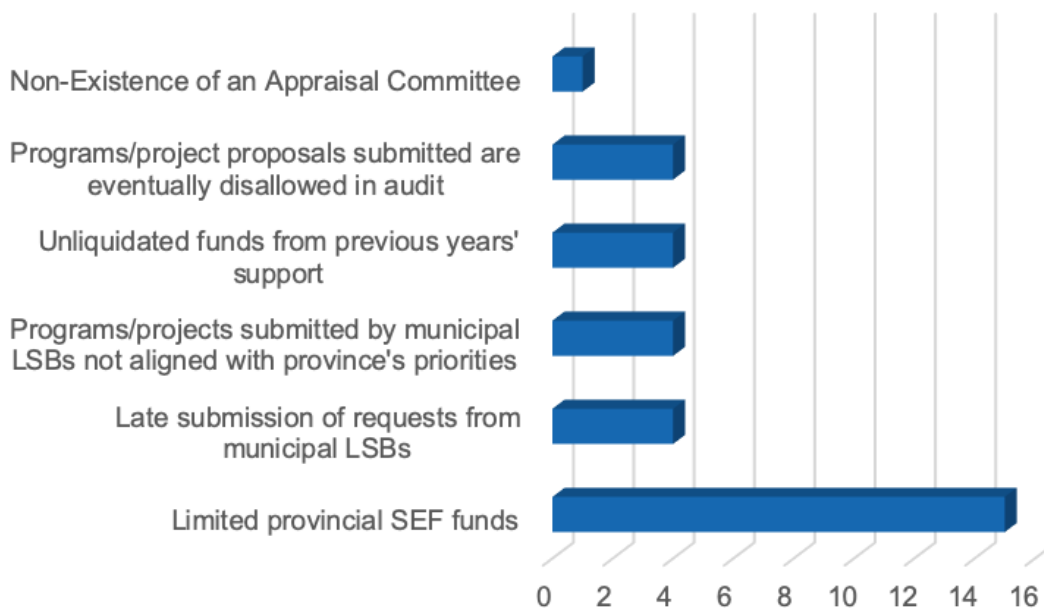


Figure 34: Issues on Extending Fund Support to Municipalities

Nevertheless, Figure 35 shows the criteria being considered by provincial LSBs in extending support to the municipalities' PPAs through the SEF.

Key factors are the impact of these PPAs to the achievement of the provincial education goals and alignment to its own priorities. Also being given equal consideration are the number of public schools in the municipality as well as the availability of a counterpart fund by the requesting municipality.

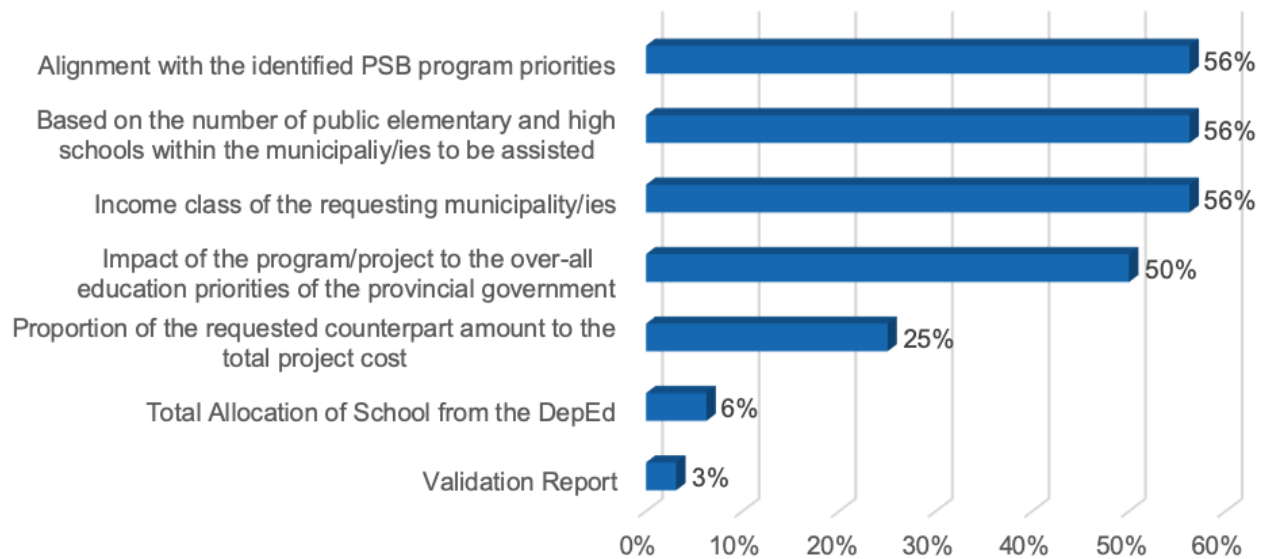


Figure 35: Basis of Provincial Support to Municipalities

On the BE-LCP and the Adoption of the Blended Learning Modalities for the 2020-2021 Academic Year

Provincial School Boards had been prompt in realigning the unutilized portion of the SEF budgets for 2021, following the directive of the Department of Education for all public schools, District Offices, Division Offices and Regional Offices to prepare their respective Basic Education Learning Continuity Plans for adoption in the coming academic year 2020-2021.

Figure 36 shows that the priority expenditure areas of the realigned SEF budget, based on the approved BE-LCP presented by the Schools Division Office, were the purchase of printing machines and equipment to be used by schools, and printing of modules, worksheets and materials to be used for the coming school year. Priority was also given to the purchase of laptops and printers to be used by the. The repair

and rehabilitation of water and sanitation facilities in schools was also identified as a priority area.

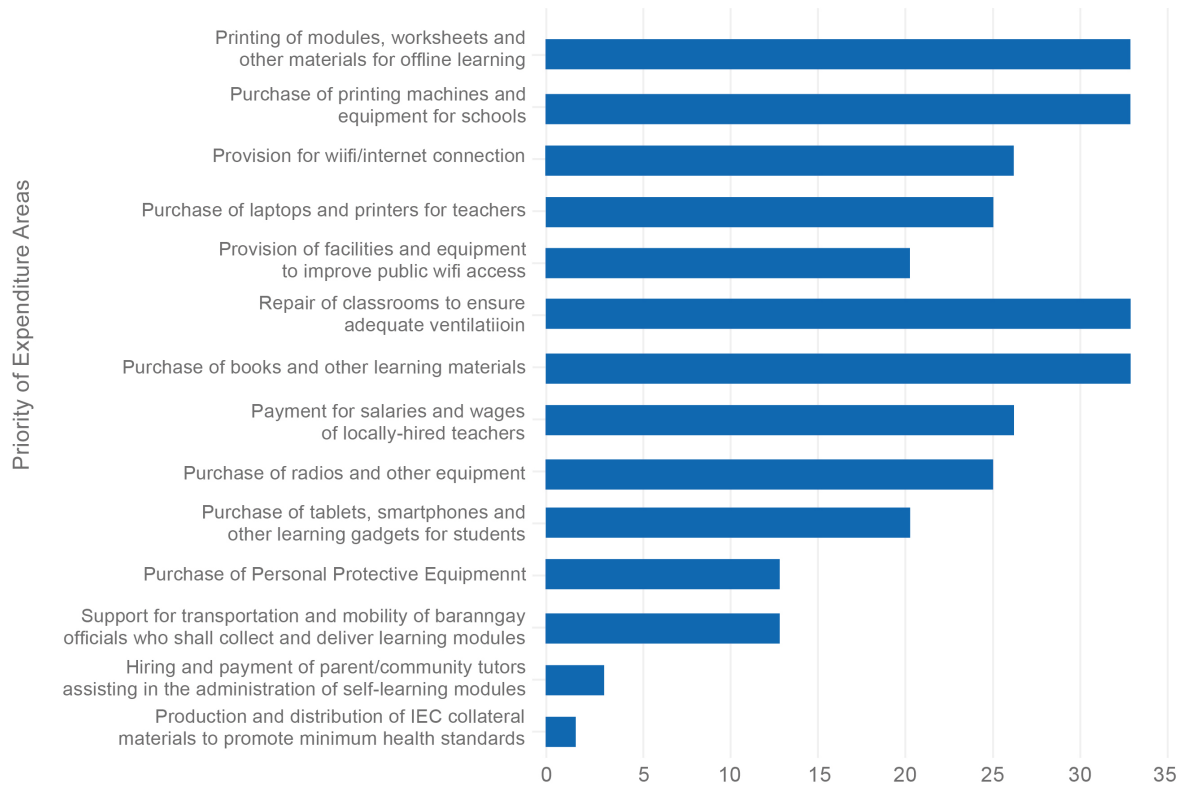


Figure 36: Priorities of Provinces on the Realigned 2020 SEF Budget

Blended learning modalities via distance education is still untried and untested insofar as basic education is concerned. Likewise, it will require a huge infusion of funds that government, both national and local, do not have.

The realigned SEF budgets of the provinces for 2020 barely account for an average 20% of the actual cost requirements to fully implement the localized and contextualized BE-LCP. The DepEd likewise, has only been able to provide for 25% of the fund requirements.

This leaves an approximately 55% portion of the BE-LCP unfunded.

Data in Figure 37 shows that the provinces definitely need the help of the national government in funding its priority programs of education.

Does the province need the assistance of the national government in funding its priority programs for education?

20 responses

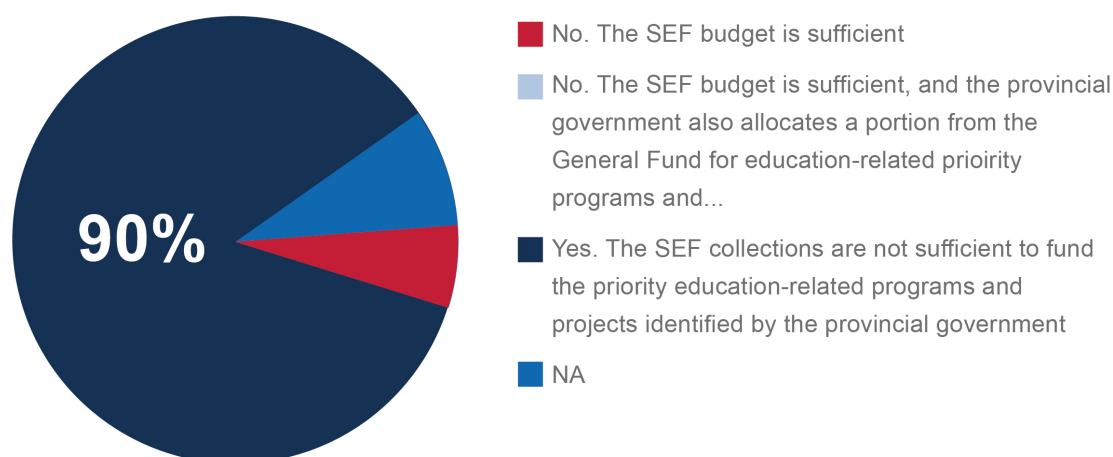


Figure 37: On the need for national government assistance

Adapting to the New Normal in Education

Until the basic education system can return to face-to-face instructions, the PSBs have identified the expenditure areas that should be given priority for the 2021 SEF to better address the needs of both learners and teachers under the blended learning modalities.

The printing of modules, worksheets and other materials for the learners remain the top priority expenditure for education, followed purchase of printing machines and equipment for schools.

Also considered as priorities are provision of facilities and equipment to improve access to public wi-fi as well as the rehabilitation of WASH facilities in schools.

This is followed closely by the provision of wi-fi/internet connection in schools as well as purchase of laptops and printers for teachers.

Provinces have also seen the need to provide funds for the mobility of barangay officials who shall be assisting in the distribution and retrieval of learning materials, as well as hiring of community tutors, para-teachers and learning facilitators to assist in administering the self-learning modules to the learners.

Figure 38 summarizes the identified priority expenditure areas.

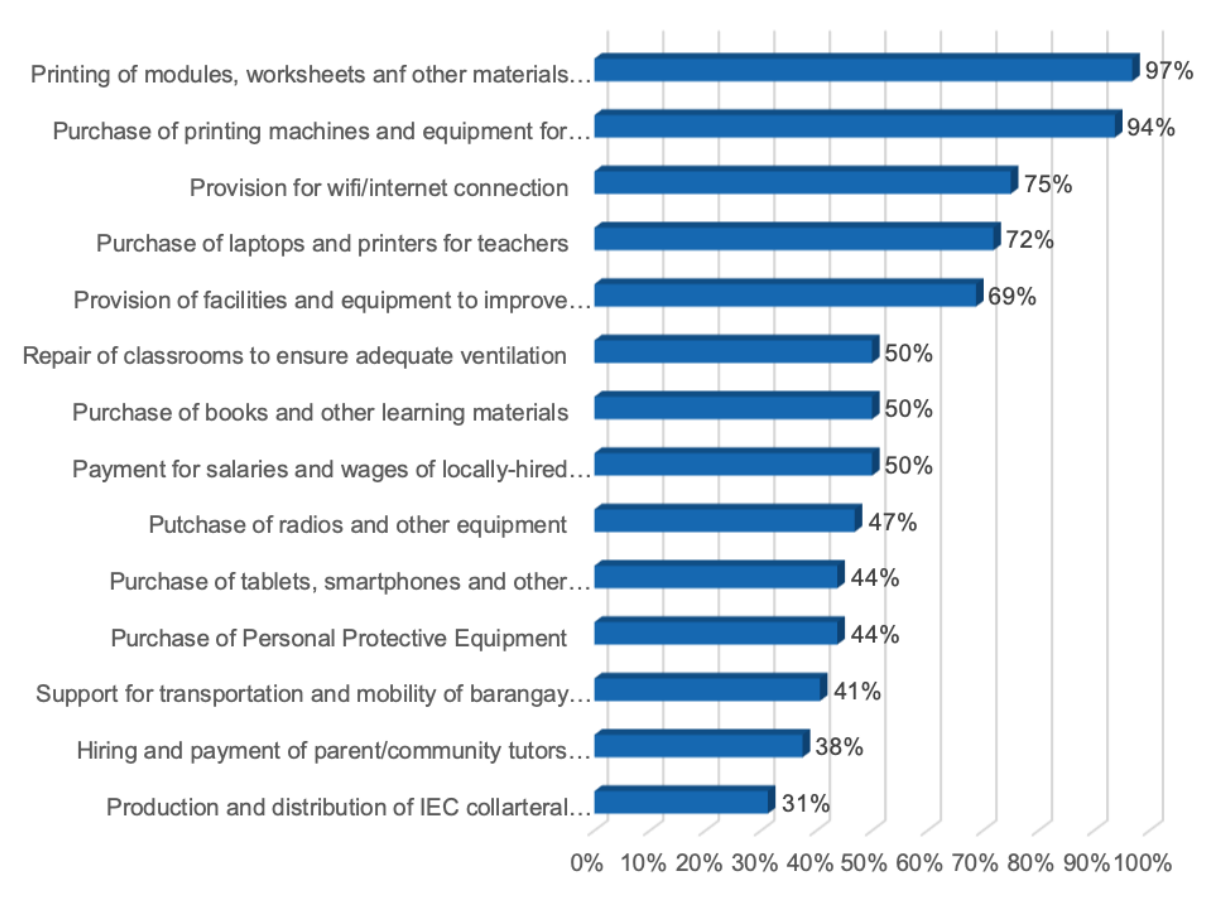


Figure 38: Priority Expenditure Areas while Under Blended Learning Modalities

Other priority expenditure areas identified include:

- Establishment of local radio broadcast stations and construction of radio transmitters.
- Putting up of radio internet TV stations for Radio Eskwela.
- Development of an offline application where students may download, then access their modules offline.
- Provision of educational assistance for indigent learners.

Cooperation of the different sectors was also seen as a crucial element to effectively deliver education under the various blended learning modalities.

In as much as the successful implementation of the blended learning modality will also depend on a whole of society and whole of government approach, the provincial governments and their respective school boards have turned to the private sector for support.

The identified private sector partners include the following:

- Donors for personal protective equipment for teachers and learners, medical supplies as well as disinfectants and disinfecting materials;
- Local television and radio stations as well as cable companies for allocation of air time for over-the-air lessons;
- Telecommunications companies for additional cell sites and improved mobile signal and the development of public wi-fi spaces;
- Donors for laptops, tablets, smartphones and other equipment for online and offline learning;
- NGOs to help out in preparation for the new normal
- Mobilization of youth groups, parents and provincial scholars as community tutors.
- Open partnerships with potential donors.

On the other hand, the provincial school boards have likewise identified the areas of collaboration with national government agencies as follows:

- PNP and the military for the delivery of learning materials, particularly in conflict areas;
- DICT for the free public wi-fi;
- NTC for the grant of permits to establish local radio stations;
- Hiring/honorarium for para-teachers and community tutors
- Expansion of techno-hubs;
- DepEd for the development of centralized apps, clear directives, regular coordination with LGUs, and
- The NPC and electric companies and cooperative to ensure constant/stable power supply.

In anticipation for the opening of classes on October 5, 2020, most of the provinces will be adopting a strategy of blended learning that emphasizes on the collaboration between the teachers and parents or guardians, wherein the latter are expected to play a more active role in the day-by-day learning process of their children, as shown in Figure 39.

Provinces were unanimous that there cannot yet be a full-time face-to face instruction, although there were a few, in low risk areas, who were amendable to limited face-to-face learning at least once or twice a week to allow to teachers to further explain the lessons and check on the learners' progress.

Unlike in its urban counterparts in the cities, provinces and municipalities are more inclined towards offline learning through the use of modules, worksheets and guidebooks as well as over-the-air instruction through television and radio.

In the absence of a stable internet signal and connection, as well as the availability of free public wi-fi, purely online and virtual classroom instruction is not very much feasible in provinces and municipalities outside of the metropolitan centers.

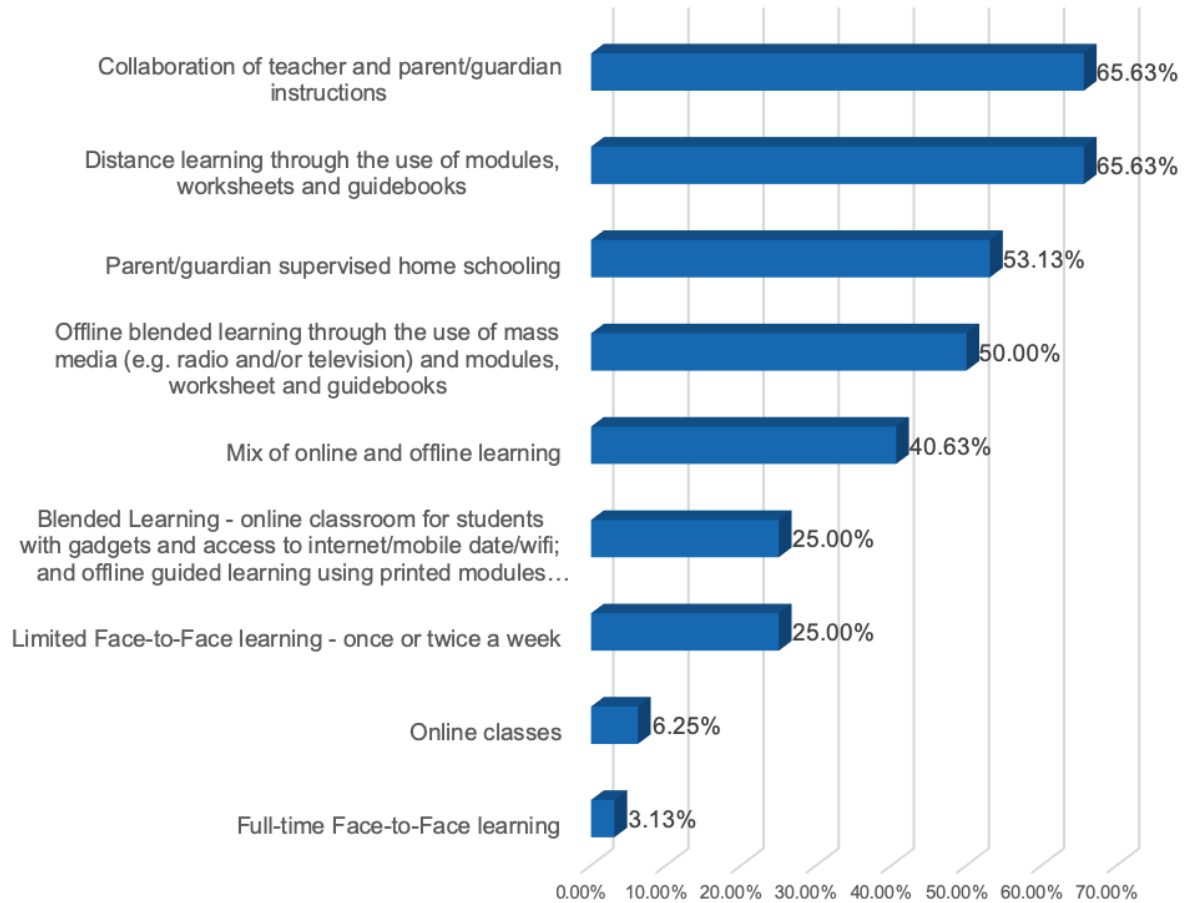


Figure 39: Strategies for the Delivery of Education under Covid-19 Pandemic and New Normal

03 RECOMMENDATIONS

It has been over 52 years since the passage of the SEF Law, and 30 from the time the Local Government Code took effect. Over the years, the educational climate and environment have changed a lot.

The onset of the COVID-19 pandemic has created a situation wherein even the delivery of education cannot be done in the traditional face-to-face manner.

To ensure that the entire basic education is able to function seamlessly under a blended learning modality, the entire government and society must band together to ensure that our learners care given the necessary community interventions.

Community intervention is also necessary to help young learners develop the skill for independent learning in order for them to cope with a totally new and almost untried modalities.

The implementation of the blended learning modalities, which is to be piloted for this School Year 2020 – 2021, could serve as a foundation for future incidences of prolonged interruption of schooling, and where face-to-face classes are not possible due to natural and man-made disasters, calamities and other situations.

Nevertheless, as shown by the current situation in education, a whole-of-government, whole-of-nation, whole-of-community approach is necessary.

Table 8 identifies the stakeholder map to strengthen the education system, while mobilizing the various players to contribute to its advancement.

P O W E R T O I N F L U E N C E	HIGH	<ul style="list-style-type: none"> ● Local chief executives ● DepEd Schools District Superintended ● DepEd School District Supervisors ● DepEd Secretary, and key officials 	<ul style="list-style-type: none"> ● National Gov't Agencies (e.g. DILG, DBM) ● Local Sanggunian ● Sangguniang Kabataan ● LGU functionaries (Local finance committee) ● Local youth organizations ● Private sector/ local business community ● Barangay officials ● Academe/research community ● Local development councils ● Alumni associations ● Local civic groups, orgs, and associations ● Congress
	LOW	<ul style="list-style-type: none"> ● Teachers ● Parents ● Students ● Parent-Teacher Assoc. ● Non-teaching personnel ● Education -focused NGOs/CSOs 	<ul style="list-style-type: none"> ● General Public ● Community at large
		HIGH	LOW
STAKEHOLDER INTEREST			

Table 8: Stakeholders Map for Local Education

Investment in community tutors, para-teachers and learning aides

The blended learning modalities poses a particular challenge to early grade learners from kinder through primary school. This most especially in urbanizing, rural and geographically isolated and disadvantaged areas, where access to information is very limited by distance and availability of internet signals. Particularly in GIDA areas, parents are less educated, and thus will be unable to help out their young learners in their learning needs.

In the short-term, aside from reproduction of modules and learning materials, LGU spending on the SEF may well focus on the hiring and payment of community tutors, para-teachers and youth volunteers to help out small groups of learners in their respective communities. Provincial/LGU scholars may also be given incentives, such as allowances, to help out young learners within their community.

Toward this end, a policy amendment relative to DepEd-DILG-DBM 2007-1 to allow this expenditure item could provide the legal cover for the LSBs to allocate for the same.

Rationalizing the SEF Budgeting Process

Several provinces have been underspending their SEFs. While some provinces have spent almost as much as they collect for their SEFs, these cases are exceptions.

As can be seen in the available data, the underutilization of SEFs is mostly for allocation items under maintenance and other operating expenses (MOOE) and for capital outlays.

Delays in the government procurement process that requires all procurement activities—even those of LGUs—to be administered through the centralized system, also account for underutilization.

Advocating for possible amendments to R.A. 9184 or the Government Procurement Reform Act ³ is important to allow LGUs to procure equipment, materials, and supplies from local suppliers. This would, of course, be subject to the allowable legal price

³ RA 9184, *An Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes*. https://lawphil.net/statutes/repacts/ra2003/ra_9184_2003.html

limits that consider the transportation costs from suppliers to final destinations.

Given the long lead time for infrastructure projects, detailed engineering studies, work programs, and other required documentation should be prepared in advance of delivering funding proposals to the LSB. This would allow bidding and implementation of the proposed projects in the same year that funds are allocated for them.

Governor's/Mayor's Contingency Fund

The SEF budget, by law, is proposed by the Schools Division Superintendent or the Schools District Supervisor, as the case may be, and presented to the LSB for consideration and approval.

On the other hand, it is an unavoidable reality that local chief executives will have programs and projects it wants to be funded through the SEF.

In order to address this, it is recommended that the Governors'/Mayors' Contingency Fund as a fixed percentage of the SEF budget be institutionalized.

Institutionalizing the SEF Planning Cycle

Both national and local governments follow a planning cycle for budget preparation and approval. However, in the case of the SEF budget planning and deliberations, every LSB follows its own cycle which may begin in the last quarter of the prior year, or during the beginning of the current year.

Budgets are likewise based on the current year estimated collections, or on previous year's collection – which reflects the first semester's actual collections and the second semester's projected collection.

The passage of supplemental budgets for the SEF within a given year is a common practice. Some LSBs have pointed to the need to ensure that the annual budget to be approved already has the corresponding cash backing.

Thus it is recommended that the current year's SEF budget be based on the collections two years prior, as submitted by the local treasurer, certified by the members of the local finance committee and approved by the local chief executive.

Likewise, it is deemed necessary to set the regular budget cycle for the SEF. This is to ensure predictability and uniformity of timelines, and that the same has already been approved at the beginning of the fiscal year.

Starting the fiscal year with an approved budget will also ensure that the necessary procurement processes are in place as early as possible, and the necessary materials and equipment are made available by the time they are needed.

Preparing for the New Normal

In the meantime while face-to-face classes are not yet allowed, LSBs may prioritize the repair and rehabilitation of existing classrooms for improved ventilation, and the construction as well as rehabilitation of WASH facilities in preparation for the return of classes under the “new normal” which is adherent to the minimum health standards.

Local Chief Executives as Champions for Education

Unarguably, education is not a devolved function. But LGUs still play a role in developing the sector. Beyond collecting the SEF, as a statutory obligation, the General Welfare Clause of the LGC also vests on LGUs a stake in education in order to realize the holistic development of its constituents.

Toward this end, a forum where governors and other local chief executives could share and highlight their various initiatives on education could be a venue to develop a higher awareness of the role of LGUs in this sector, and the latter’s role in the over-all development of the community and the country as a whole.

The national government, through the DILG and the DepEd, may develop a system of incentives and rewards to LGUs which have adopted and initiated innovative practices toward a multi-sectoral stakeholder approach to education.

Likewise, the DILG could review into the criteria of the Seal of Good Local Governance⁴ to allow it to measure outcomes of local interventions, rather than just outputs.

⁴ *Under the Seal of Good Local Governance Act of 2019 (R.A. 11292), the Seal of Good Local Governance is “an award, incentive, honor and recognition-based program for all LGUs, and is a continuing commitment for LGUs to continually progress and improve their performance.”*

Equitizing the DepEd Allocations Across Divisions and Districts

As shown by the baseline studies, the collections of the SEF vary greatly across LGU levels. The same is the case between and among provinces.

While the study did not delve into how the DepEd allocates its budget across regional, division and district offices, local data indicates the need for the national government, particularly the DepEd, to consider equity in the budgeting for education.

National standards for the quality of education should be applicable to all schools, whether public or private, if the country is to meet its commitments and targets to the Sustainable Development Goal No. 4 which aims to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”

To ensure this, the SEF should be considered as an equalization fund to augment the national government funds, and not as a major source of funds for education, especially for resource-challenged schools in the GIDA areas.

Vertical Coordination between provincial and municipal local school boards

The SEF is a shared fund between the provincial and municipal government. Collections from the SEF share in the RPT is shared equally between the province and the municipality from where the tax was collected.

Under the principle of local autonomy, the respective school boards of the provinces and its component municipalities are autonomous from each other.

Nonetheless, the principle of subsidiarity necessitates complementary actions to maximize limited resources.

Toward this end, it is proposed for the development of a mechanism, through the amendment of the LGC, or through local executive or legislative action, that provides a venue for the provincial and municipal LSBs to come together and jointly plan and prioritize funding support for local public schools.

This coordination will also allow both the provincial and its component municipal governments to agree on the programs and projects to be undertaken by each LGU level to ensure complementation of efforts and minimizing duplications.

Harmonizing the School Improvement Plan with the Comprehensive Development Plan

Although emphasis has already been made that education is basically a national government function, undeniably, education greatly contributes to LGUs' goal toward achieving its local development goals.

Thus, the School Improvement Plans can also play a crucial part in shaping the overall Comprehensive Development Plan of the LGUs.

Undeniably, there are apparent misgivings and apprehension by education officials towards locally-elected officials, owing to the possibility of a turn-over of administration every three years. Notwithstanding, there is a mutual synergy that must be developed and harnessed between the education sector and the LGU.

Thus, it would be worth considering for the updated SIP to input into the updating of the LGU's CDP every three years.

Ensuring Continuity of Local Education Plans Through Changes in Local Administration

Expanding the membership of the LSB, to include the LGU functionaries, such as those from the finance and education cluster, together with representatives from education-related CSOs and NGOs, and the private business sector is a way of ensuring the continuity of local education programs notwithstanding changes in the LGU administration.

Although local officials go through the election process every three years, these local functionaries are regular employees who are mandated to continue to perform their mandated functions notwithstanding who its elective officials are.

Likewise with education-related NGOs and CSOs and the representatives of the business sector.

Support for legislative actions to amend the LGC provisions on the SEF and the Strengthening of the LSB, and the Schedule of Market Values⁵

There are currently ongoing initiatives in the 18th Congress of both the Senate and House of Representatives aimed at rationalizing SEF expenditures by broadening the scope of its usage to give LSBs the leeway to effectively plan for its allocations and appropriation based on its unique and contextualized needs in the education sector.

Likewise, these legislative efforts also include the expansion of the LSBs to make them more inclusive and multi-sectoral in nature.

On the other hand, there are also pending legislation on the harmonization of the Schedule of Market Values across the national and local government levels, and ensuring the regular review of the SMVs every three years.

The passage of these legislative initiatives in the 18th Congress should be supported, in order to institutionalize reforms in the SEF and ensure adequate support for the education sector both at the national and local levels.

The results of the study and its concomitant recommendations have pointed to a possible need to institutionalize systemic changes within both the DepEd and LGUs, more particularly the LSBs.

While implementing these changes could pose major challenges and considered a tall order, further studies on how to implement these recommendations are needed.

Considering that the functions of the DepEd and the LGUs are essentially and closely linked together, as far as funding for education is concerned, a venue for continued and open discussions between them is necessary.

As the onset of the electoral campaign season approaches, various advocacy activities can be undertaken to make a campaign pitch for basic education.

⁵ *It is an approved schedule of unit base market values for different classes of real property in the LGU and used by the provincial, city or municipal assessors as basis for the appraisal and assessment of real properties in their respective assessment territorial jurisdictions for real property taxation purposes.. DOF <https://taxreform.dof.gov.ph/faqs/how-long-does-the-train-approved/>*

As the onset of the electoral campaign season approaches, various advocacy activities can be undertaken to make a campaign pitch for basic education.

Especially with the onset of the new normal, public awareness must be increased in order that there is a greater demand for spending in education.

04 NEXT STEPS AND MOVING FORWARD

The results of this study and its recommendations point to the need to institutionalize systemic changes within both DepEd and the LGUs, and particularly in the local school boards.

Considering that the functions of DepEd and the LGUs are essential and closely linked, a venue for continued and open discussions on funding for education is necessary.

Furthermore, the capacities of the various members of the local school board need to be honed and developed. This will allow them to meaningfully participate and contribute to discussions, actions, and decisions of the local school board instead of acting as spectators and “statutory” members of the board.

While waiting for the resumption of face-to-face classes, it is necessary to continue the dialog on effectively delivering educational interventions for K–3 learners under a blended learning approach.

As the electoral campaign season approaches, various advocacy activities should be undertaken to make campaign pitches for basic education.

Finally, public awareness must be increased to ensure that there is greater demand for spending on education, especially given the Covid-19 pandemic’s “new normal.”

