



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management  
Malacañang, Manila

**LEGAL OPINION NO. L-B-C-M-2002-01**

- SUBJECT :** Local Government Budgeting – Special Education Fund and Payment of Extra Christmas Bonus
- ISSUE :** Propriety of using the Special Education Fund (SEF) for Payment of Extra Christmas Bonus (ECB).
- FACTS :** In letter dated 25 January 2002, the City Mayor of Iloilo requested for authority to utilize the CY 2001 SEF for payment of ECB.
- OPINION :** The SEF cannot be used to pay the ECB since pursuant to Section 100 of RA No. 7160 as interpreted by DBM-DepEd-DILG Circular No. 01, s. 1998, the SEF shall only be used for payment of existing allowances granted as of December 1997. The ECB was granted after December 1997.

Sec. 100 of R.A. No. 7160, otherwise known as the Local Government Code of 1991, provides, to wit:

"Section 100. *Meetings and Quorum; Budget.* – x x x. (c)  
The annual school board budget shall give priority to the following:

- x x x                      x x x
- (4) Construction, repair, and maintenance of school buildings and other facilities of public elementary and secondary schools;
  - (5) Establishment and maintenance of extension classes where necessary;

DBM-DepEd-DILG Joint Circular No. 01, s. 1998 interpreted the above provision in this manner:

"The Local School Board shall give priority to the following expenses chargeable against SEF:

x x x

x x x

- b. Operation and Maintenance of public schools, including organization of extension, non-formal, remedial and summer classes, as well as payment of existing allowances of teachers granted by local government units chargeable against SEF as of 31 December 1997, provided that any additional allowances that may be granted to teachers by LGUs shall be charged to the general fund of LGUs, subject to existing budgeting rules and regulations. (underscoring supplied)


x x x

x x x."

Furthermore, the SEF is not the appropriate funding source for the payment of ECB as contemplated under Budget Circular No. 2001-02, Said Budget Circular provides that the grant of ECB should be taken from savings or such portions or balances of the agency's budget, free from any obligation or encumbrance and which are no longer intended for specific purpose/s.

**REFERENCE:** Memorandum dated 15 April 2002 of the Secretary to DBM RO-VI.

*Recommended:*

  
**RUBY U. ALVAREZ**  
Director, LLS

*Approved:*

  
**EMILIA T. BONCODIN**  
Secretary