

SEVENTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

Introduced by Representative Maximo B. Rodriguez, Jr.

House Bill No. 2578

HOUSE OF REPRESENTATIVES	
RECEIVED	
DATE:	08 AUG 2016
TIME:	9:02 am
BY:	ph
REGISTRATION UNIT BILLS AND INDEX SERVICE	

EXPLANATORY NOTE

Section 1, Article XIV of the 1987 Philippine Constitution provides that:

Section 1. The State shall protect and promote the right of all citizens to quality education at all levels, and shall take appropriate steps to make such education accessible to all.

As such, numerous Local Government Units (LGUs) have established colleges and universities in their territorial jurisdiction thru their local ordinances. And while we agree that the establishment of these universities and colleges is vital to provide access to education to their constituents, it must be kept in mind that what is important is not merely access to education but access to quality education.

Without a list of definitive guidelines, many of these universities and colleges end up being sub-par. This bill recognizes the need to rationalize the creation of local universities and colleges to upgrade and improve the delivery of quality and accessible higher education to the people.

In view of the foregoing, immediate approval of this bill is earnestly requested.


MAXIMO B. RODRIGUEZ, JR.

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AN ACT

PROVIDING GUIDELINES FOR THE ESTABLISHMENT AND OPERATION OF LOCAL COLLEGES AND UNIVERSITIES

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

SECTION 1. Short Title. This Act shall be known as "Local Colleges and Universities Governance Act."

SEC. 2. Declaration of Policy. It is the policy of the State to protect and promote the right of all citizens to quality education at all levels and to take appropriate steps to make education accessible to all. In doing so, the State shall establish, maintain and support a complete, adequate and integrated system of education relevant to the needs of the people and society and that it shall take into account regional and sectoral needs and conditions and shall encourage local planning in the development of educational policies and programs.

SEC. 3. Academic Freedom. Pursuant to paragraph 2, Section 5 of Article XIV of the Constitution of the Republic of the Philippines, all institutions of higher learning, public or private, shall enjoy academic freedom and institutional autonomy.

SEC. 4. Definition of Terms. As used in this Act:

(a) *College or Dalubhasaan* – refers to an HEI offering academic programs, namely, non-baccalaureate, baccalaureate and graduate degrees below Level II accreditation;

(b) *Degree Program* - refers to a collection of all courses in a field of study leading to an undergraduate or graduate degree, and may also be referred to as academic program;

(c) *Level II Accreditation* - refers to the criteria defined by the Accreditation Body subscribed to by the institution.

(d) *Local Government Unit or LGU* - refers to municipalities, cities and provinces that created or established the LUC;

(e) *Local Higher Education Institution (HEI)/Local University or College (LUC)* - refers to a public HEI established by a local government unit through an establishing

ordinance, and financially supported by the concerned local government unit. In Filipino, a LUC is referred to as "Dalubhasaan" for college and "Pamantasan" for university;

(f) *Non-Degree Program* - refers to a post-secondary academic and vocational program below the bachelor's degree;

(g) *Ordinance* - refers to the enabling act of the *Sangguniang Panglunsod, Bayan or Panlalawigan* that creates a particular LUC and serves as the charter of said LUC;

(h) *Technical-Vocational Institutes* - refer to learning institutions offering technical-vocational education and training; and

(i) *University or Pamantasan* - refers to an HEI offering academic programs, namely, non-baccalaureate, baccalaureate and graduate degrees above level II accreditation.

SEC. 5. Coverage. The provisions of this Act shall apply to:

(a) New HEIs to be established and operated by LGUs by virtue of local ordinance;

(b) HEIs to be established and operated by LGUs offering non-degree programs but would eventually offer degree and post-graduate degree programs;

(c) Existing technical and vocational school operated by an LGU proposing reclassification as college, professional institutions or universities; and

(d) Existing LUCs which have not met the minimum standards of the Commission on Higher Education (CHED) as prescribed in CHED Memorandum Order (CMO) No. 46, series of 2012, or the most recent CMOs or memoranda affecting policies and standards of the HEIs; and

SEC. 6. Establishment and Operation of Local HEIs by LGUs. A local HEI, to be known as a local college or *dalubhasaan*, or any typology assigned by the CHED in accordance with changes in the Philippine Higher Educational System shall be established and operated by an LGU through an ordinance duly enacted for that purpose by the *Sanggunian* concerned: *Provided*, that before the enactment of the said ordinance, an LGU establishing a local college shall consult with the CHED for compliance and deployment of resources, which shall include physical resources and finances, among others, to ensure observance of the minimum pertinent policies and standards promulgated by CHED.

The local HEI established by LGUs shall be given a period of four years to comply with the applicable criteria established by the CHED for the grant of college or university status. Should CHED determine that the local HEI has not complied with the applicable criteria despite the four-year period provided herein, the status granted under this Act shall be automatically revoked. The CHED, through its regional office, shall actively monitor and provide technical assistance to the local HEI in compliance with the requirements of the Commission.

No new local HEI shall be established immediately as a local university or *pamantasan*.

A local HEI established by an LGU shall be known as a local college or *dalubhasaan* or any other typology assigned by the CHED in accordance with changes in the Philippine Higher Educational System.

A local college may subsequently apply for elevation to a university: *Provided*, That it has complied with the standards and guidelines for the grant of university status pursuant to pertinent CHED rules and regulations and that it has followed the appropriate process of accreditation conducted by a reliable accreditation body which found the college prepared to be elevated into a university: *Provided further*, That a local college, upon conversion into a local university, shall continue to be operated by the concerned LGU in coordination with the CHED.

Local educational Institutions offering only pre-professional training or non-baccalaureate programs shall not use "College" or "University" in its name unless they would eventually offer baccalaureate degree programs and have complied with the requisites provided for the establishment of a college or the grant of university status under the CHED rules and regulations: *Provided*, That educational institutions which have been using the name "college" or "university" prior to the passage of this Act shall be allowed to retain the name: *Provided further*, That said educational institutions shall be given a grace period by the CHED to comply with the requirements for the status of "college" or "university" or any other typology assigned by the CHED in accordance with changes in the Philippine Higher Educational System.

SEC. 7. LUC as a Chartered Department of the LGU. The LUC created under its local charter shall be treated as an independent and institutional department of the LGU not with the same structure or governance as the other regular departments of the LGU. The management of fiscal resources shall be patterned after the Barangay-Type Fiscal System.

The LGU through the Board of Trustees/Board of Regents shall develop policies on human resource for its LUC.

SEC 8. Authority to Grant "University" Status. A local college, upon the recommendation of the Board of Regents/ Board of Trustees to the *Sangguniang Bayan, Panlungsod or Panlalawigan* for approval, may subsequently apply for elevation to a university or any other typology assigned by the CHED in accordance with changes in the Philippine Higher Educational System : *Provided*, that it has complied with the standards and guidelines for the grant of university status pursuant to pertinent minimum CHED rules and regulations and that it has followed the appropriate process of accreditation conducted by a reliable accreditation body which found the college prepared to be elevated into a university: *Provided further*, That a local college, upon conversion into a local university, shall continue to be operated by the concerned LGU. The proposal for elevation to "University" status shall be submitted to the CHED Central Office, through the CHED Regional Office, for review. Only the Commission *en banc* shall grant the "University" status upon compliance with the requirements.

SEC. 9. Monitoring and Visitorial Powers. Pursuant to the provisions of Republic Act 7722, the CHED shall exercise compliance and monitoring powers over LUCs.

The CHED, in the issuance of academic policies and standards affecting LUCs, shall ensure quality assurance by taking into account the different characteristics, peculiar needs,

the distinct features of the LUCs, their organizational set-up, and their operation, among other considerations: *Provided*, That the CHED shall, at all times, devise ways and practices that will ensure that LUCs will remain committed to the delivery of quality education to its students. all LUCs are subject to the inspection and evaluation of the CHED.

SEC. 10. Compliance with CHED Requirements. In relation to Section 6, all existing LUCs must comply with the minimum requirements of the CHED within a reasonable period of time from the effectivity of this Act.

SEC. 11. Governing Board of a Local College or University. The governing board of a College or Dalubhasaan shall be its Board of Trustees (BOT) while the governing Board of a University or *Pamantasan* shall be its Board of Regents (BOR).

The regular and special meetings of the Board of Trustees/ Board of Regents of the University shall be specified in the local charter.

The governing board of an LUC, hereinafter referred to as the Board, shall be composed of the following:

- a) Local Chief Executive or his duly designated representative, as chairperson;
- b) President of the LUC or his duly designated representative, as vice-chairperson;
- c) Chairperson of the Committee on Education of the Sanggunian, or his duly designated representative, as member;
- d) President of the Association of Local Colleges and Universities (ALCU) or his duly designated representative, as member;
- e) President of the duly recognized faculty association of the LUC, as member;
- f) President of the duly recognized student council of the LUC, as member;
- g) President of the duly recognized Alumni Association, as member;
- h) Two (2) representatives who have distinguished themselves in their profession or field of expertise/specialization.

One of the two representatives, one shall come from the business or industry sector. Both shall be appointed by the Board of Trustees/Board of Regents upon the recommendation of the Local Chief Executive and his/her term is co-terminus with the term of the Local Chief Executive unless otherwise, recommended to serve for another term.

The terms of office of the ALCU President, the President of the faculty association, the President of student council, and the President of the alumni association shall be coterminous with the respective terms of office pursuant to their respective constitutions and by-laws.

In case of vacancy in the Board by reason of resignation, death or other incapacity of one or more of its appointed members, such vacancy shall be filled by appointment by the

Local Chief Executive and the appointee shall hold office for the unexpired portion of the term.

The members shall serve without compensation other than allowances for attendance at the meetings of the Board or on other official business authorized by resolution of the Board.

Sec. 12. The Secretary of the Local University or College (LUC) and the Secretary of the Board of Trustees/Board of Regents. There shall be a Secretary of the Local University or College, who shall serve as the Secretary of the Board of Trustees/Board of Regents, appointed by the Board of Trustees/Board of Regents upon recommendation of the University President. He shall be the custodian of all official records of the University.

SEC. 13. Powers of the Board. The Governing Board shall be the highest policymaking body of the LUCs.

The Board shall have the following specific powers and duties, in addition to its general powers of administration and the exercise of all the powers granted to the board of directors of a corporation under Section 36 of Batas Pambansa Blg. 68, otherwise known as the Corporation Code of the Philippines and, all other powers granted by the local ordinance creating the LUC provided it is not against the law, public morals and public policy.

(a) To enact rules and regulations not contrary to law as may be necessary to carry out the purposes and functions of the LUC;

(b) To receive from the LGU assistance to augment the internal sources of funds, as may be provided, for the support of the university or college in the manner it may determine, and its discretion, to carry out the purposes and functions of the LUC;

(c) To receive in kind and in trust legacies, gifts and donations of real and personal properties of all kinds, to administer and dispose the same when necessary for the benefit of the university or college, subject to limitations, discretions and instructions of the donors, if any;

(d) To fix the tuition fees and other school charges, such as but not limited to matriculations fees, graduation fees and laboratory fees, as the Board may deem proper to impose after due consultations with the involved sectors; *Provided*, that these fees will not be prohibitive or unreasonable as to deviate from the purpose for which the LUCs are created based on the guidelines of the CHED.

It may also adopt a socialized tuition scheme that shall prescribe a different rate of fees for students who are not residents of the area or LGU where the LUC is located.

Such fees and charges, including government subsidies and other income generated by the LUC, shall constitute a regular fund and shall be deposited in any authorized government depository bank, and all interests that shall accrue therefrom shall form part of the same fund for the use of the LUC.

If, for reason of control, the university or college shall be able to pursue any project for which funds have been appropriated and allocated under its approved program of

expenditures, the Board may authorize the use of said funds for any reasonable purpose which, in its discretion, may be necessary and urgent for the attainment of objectives and goals of the LUC;

- (a) To supervise the construction or repair of its building, machineries, equipment, and other facilities, as well as the purchase and acquisition of real personal properties, including necessary supplies, materials, and equipment. Purchase and other transactions entered into by the LUC through the Board shall be exempt from all taxes and Customs duties, subject to applicable BIR (Bureau of Internal Revenue) rules and regulations;
- (b) To appoint, upon the recommendation of the President, vice presidents, deans, executive directors, heads of departments, faculty members and other officials and employees;
- (c) To follow the salary standardization of the Department of Budget and Management for the salaries of faculty members and administrative officials and employees, subject to the provisions of the revised compensation laws governing hours of service and other conditions as it may deem proper and existing Civil Service laws.
- (d) To approve the curricula, and institutional programs of the institution: *Provided*, that it conforms to the minimum CHED requirements and guidelines;
- (e) To approve rules of discipline for the administrative and academic staff and students of the college or university to ensure orderly and effective governance thereof;
- (f) To set policies on admission and graduation of students: *Provided*, That it conforms to the CHED guidelines;
- (g) To award honorary degrees upon persons in recognition of outstanding contribution in the field of education, public service, arts, science and technology or any field of specialization within the academic competence of the university or college and to authorize the issuance of certificates of completion of non-baccalaureate programs and non-traditional/innovative courses: *Provided* that these conform with the applicable guidelines of the CHED and TESDA;
- (h) To establish research and extension centers of the LUC where such will promote the development of the latter;
- (i) To establish chairs in the LUC and to provide fellowships for qualified faculty members and scholarships to deserving students;
- (j) To enter into any agreements or joint ventures with business and industry for the profitable development and management of the economic and manpower assets of the college or university, the proceeds from which shall be used for the development and strengthening of the LUC;
- (k) To develop consortia, academe-industry linkage and, other forms of networks with the LGUs, institutions and agencies, both public and private, local and foreign, in furtherance of the purposes and objectives of the institutions;

- (l) To develop academic arrangements for institution capacity and capability building with appropriate institutions and agencies, public or private, local or foreign, and to appoint experts/specialists as consultants, or visiting or exchange professors, scholars, researchers, as the case may be;
- (m) To set up the adoption of modern and innovative modes of transmitting knowledge such as but not limited to the use of information technology, the dual system, open learning, community laboratory, etc., for the promotion of greater access to education;
- (n) To outsource, where most advantageous to the institution, management of non-academic services such as health, food, building or grounds or property maintenance and similar such other objectives;
- (o) To file with the Local Chief Executive or to the Sangguniang Panlungsod, Bayan or Panglalawigan an annual detailed report, setting forth the progress, condition, and needs of the College or University.
- (p) To delegate any of its power and duties for the hereinabove to the president and/or the other officials of the LUC as it may deem appropriate so as to expedite the administration of the affairs of the university or college; and
- (q) To extend the term of the president of the LUC beyond the age of retirement, but not later than the age of seventy (70), whose performance has been unanimously rated as outstanding and upon consent and approval of the Sangguniang Panlungsod, Bayan or Panglalawigan.

SEC. 14. Tax Exemptions. All grants, bequest, endowments, donations and contributions made to the local university or college to be used actually, directly and exclusively by the said local university or college shall be exempt from donor's tax and the same shall be considered as allowable deduction from the gross income of the donor for purposes of computing the taxable income of the donor in accordance with the provisions of the National Internal Revenue code of 1997, as amended;

SEC. 15. Quorum. A quorum of the Board shall consist of a majority of all the members holding office at the time the meeting of the Board is called. All processes against the Board of Regents shall be served on the president or the secretary thereof.

SEC. 16. The Executive Committee. The enabling ordinance may include a provision on the creation of an Executive Committee, as it may deem proper and necessary, for the purpose of carrying out and exercising the regular functions and powers of the Board and may be composed of the following:

- (a) President of the LUC as the Presiding Officer;
- (b) Chairperson of the Committee on Education of the Sanggunian, or duly designated representative, as member;
- (c) President of the duly recognized faculty association of the LUC, as member;

(d) President of the duly recognized student council of the LUC, as member;

(e) President of the duly recognized Alumni Association, as member;

All acts and resolutions approved by the Executive Committee shall be ratified by the Board. Important matters affecting the administrative and/or academic affairs of the LUC shall be reported to the Board through the Chairperson.

The regular and special meetings of the Executive Committee shall be specified in the local charter. The Executive Committee shall receive allowances as may be authorized by the Board.

SEC. 17. Administration of the LUC. The administration of the LUC shall be vested in the President who shall render full-time service to implement policies promulgated by the Board of Trustees/Board of Regents.

He/She shall be appointed by the Chief Local Executive to be concurred and affirmed by the Sangguniang Panlungsod, Bayan or Panlalawigan.

The President of the LUC shall have a term of four (4) years, unless extended or re-appointed for another term or unless sooner revoked by the Local Chief Executive to be concurred and affirmed by the Sanggunian and transmitted to the Board of Trustees/Board of Regents.

The President must preferably have at least a Doctorate Degree or Master's degree with at least six (6) years of relevant administrative experience, without prejudice to the provisions of additional qualifications to be set by the governing board of the LUCs or the local charter.

In case of vacancy in the Office of the President by reason of death, compulsory retirement, resignation, removal for cause or incapacity of the president to perform the functions of his/her office, the Board, within a period of 30 days but not more than 45 days upon vacancy, shall have the authority to designate an officer-in-charge of the LUC, for a period of six months to one year, pending the appointment of a new President.

The powers and duties of the President of the LUC, in addition to those specially provided in this Act, shall be those usually pertaining to the Office of the President of other colleges and universities, and those delegated by the Board and defined in the charter or local ordinance creating the LUC.

For the effective operation of the LUC, the vice-presidents, deans, directors, heads of departments, faculty, non-teaching personnel and such other officials and employees shall be appointed or designated by the Board of Trustees/Board of Regents, taking into consideration the recommendation of the President. The appointments or designations of these LUC officials and employees shall be in conformity with the existing civil service laws, rules and regulations. The administration of the LUC shall be vested in the President who shall render full-time service to implement policies promulgated by the Board. He/She shall

be appointed by the Board upon the recommendation of a search committee duly constituted by the Board.

SEC. 18. *The Administrative Council.* An Administrative Council shall be created, which shall consist of the President of the LUC as Chairperson, vice presidents, administrative heads or division heads, deans, executive directors or directors and other officials of equal rank as members, whose duties is to review and recommend to the Board policies governing the administration, management and development planning of the LUC.

SEC. 19. *The Academic Council.* An Academic Council shall be created, which shall be composed of the President of the LUC, who shall act as Chairperson, and all academic staff with the rank of at least an assistant professor, as members.

The Academic Council shall have the power to review and recommend the curricular offerings and rules of discipline of the LUC, subject to the approval of the Board. It shall fix the requirements for the admission of students, as well as for their graduation and conferment of degrees, subject to review and approval by the Board through the President of the LUC. It shall have the disciplinary power over students of the LUC and shall formulate academic policies and rules and regulations on discipline, subject to the approval of the Board.

SEC. 20. *Appropriations for LUCs.* There shall be included in the local Charter an annual appropriation or so much amount thereof to support and sustain the full operation and maintenance of the LUC.

The LGU shall authorize the Board to disburse the allotted amount in accordance with the line-item expenditure of the LUC as determined by the Board, subject to limitations imposed by law: *Provided*; however, that any or all funds allotted and accruing to the LUC shall be put and kept under its name and account, and provided further, that any surplus for un-appropriated amount at the end of each year shall remain with the coffers and considered as savings of the LUC. There shall be a provision for the regular annual appropriation from the LGU to support and sustain the operation of the LUCs. Likewise, there shall be a budget allocation for the accreditation of programs to be provided by the LGU.

A one time appropriation of One Million Pesos (P1,000,000.00) of the local university or college per territorial jurisdiction of a local government will be allocated by the National Government to be placed in a trust fund for the LUC to earn interest income. In addition, the Local Government Unit shall set aside one percent of its Real Property Tax to allocate to the Tertiary Education Fund (TEF).

The LUC shall submit and have an approved budget annually. The budget will be drawn from the TEF. Any shortfall from the TEF shall be provided from the General Funds of the Local Government Unit.

SEC. 21. *Implementing Rules and Regulations.* The CHED, in coordination with the Department of the Interior Local Government (DILG) and the ALCU, shall promulgate the implementing rules and regulations as may be necessary to carry out the provisions of this Act within sixty (60) days from the effectivity of this Act.

SEC. 22. *Exclusion Clause.* This Act shall apply to all LUCs duly created by their ordinances enacted for that purpose, except for the Pamantasan ng Lungsod ng Maynila (PLM), which was created by virtue of Republic Act No. 4196. However, in so far as faculty qualification, curriculum and instruction, and facilities are concerned, the PLM shall be governed by this Act.

SEC. 23. *Separability Clause.* If any provision of this Act shall be held unconstitutional or invalid, the remaining provisions which are not affected thereby shall continue to be full force and effect.

SEC. 24. *Repealing Clause.* All laws, executive orders, decrees, instructions, rules and regulations and other issuances, or parts thereof, contrary to or inconsistent with this Act are hereby modified, amended or repealed accordingly.

SEC. 25. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,