

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

H. B. No. **1498**



Introduced by Congresswoman **BELLAFLOR J. ANGARA-CASTILLO**

EXPLANATORY NOTE

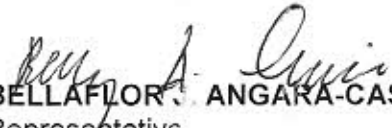
The State recognizes the role of the youth in nation building. The State will, thus, endeavor to provide new graduates of higher learning with opportunities for growth and development by creating policies that protect their welfare, increase their chances of immediate employment, and readily provide employment benefits equal to those of regular employees.

As a bill of rights for new graduates, this bill aims to provide each new graduate with such opportunities. By providing various incentives to new graduates, the students are encouraged to stay in school, finish their respective courses of learning, whether it be a technical-vocational course, or a bachelor's degree, and look forward to a fruitful and meaningful life after school.

The bill also aims to assist each new graduate with employment and business opportunities. Through the passing of a law which requires technical and financial assistance in start-up businesses, as well as mandate job placement for new graduates, these new graduates are assured that their hard work in school will pay off with generous rewards.

Finally, the bill aims to recognize new graduates by awarding them with incentives, discounts and benefits for graduating from institutions of higher learning.

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


BELLAFLOR J. ANGARA-CASTILLO
Representative
Lone District, Aurora Province

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AN ACT
PROVIDING INCENTIVES FOR NEW GRADUATES OF COLLEGES, UNIVERSITIES
AND ACCREDITED INSTITUTIONS OFFERING TECHNICAL-VOCATIONAL
COURSES, OTHERWISE KNOWN AS THE "BILL OF RIGHTS FOR NEW
GRADUATES"

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 the "*Bill of Rights for New Graduates.*"

SEC. 2. *Coverage.* This Bill of Rights shall apply to new graduates from all colleges and universities, and from accredited institutions offering technical-vocational courses. A new graduate is a Filipino who just finished a bachelor's degree from any college or university, or completed a technical-vocational course from any accredited institution in the Philippines. He shall be considered as such for a period of one (1) year from the date of graduation or completion, as evidenced by the date indicated on his diploma or certificate.

SEC. 3. *Declaration of Policy.* The State recognizes the role of the youth in nation-building. As such, it shall promote and protect their rights, interests and well-being. The State will, thus, endeavor to provide new graduates of higher learning with opportunities for growth and development by creating policies that protect their welfare.

SEC. 4. *New Graduate's Incentive Card.* Upon showing proof of graduation, the Public Employment Service Office (PESO) of the Department of Labor and Employment shall issue to the new graduate a "New Graduate's Incentive Card," which shall be used to avail of all the privileges enumerated in the succeeding provisions of this Act.

SEC. 5. *Basic Rights of New Graduates.* In consonance with the above-stated policy, the State shall provide the necessary requirements, conditions and opportunities to ensure proper adherence to the following basic rights of a new graduate:

5.1. Right to a good start.

a) The State shall provide each new graduate with health, housing and social security benefits upon graduation. Thus, a new graduate shall be allowed to enroll himself as a sponsored member of the Philippine Health Insurance Corporation, Pag-ibig and Social Security System. As such, he shall be exempted from paying monthly contributions that fall within one (1) year of the graduate's date of graduation.

- 1) Every new graduate who is a sponsored member of the Social Security System under this law may, within one year from the date of his graduation, avail of a salary loan equivalent to one (1) month's salary upon presentation of proof of employment.
- 2) Every new graduate who is a sponsored member of the Philippine Health Insurance Corporation under this law may, within one year from the date of his graduation, avail of the same benefits of an individually paying member to cover the graduate's health and medical needs.
- 3) Every new graduate who is a a sponsored member of the Pag-Ibig Fund under this law may, within one year from the date of his graduation, avail of a home loan upon (1) complete advanced payment of two years' voluntary contribution, and (2) presentation of proof of employment. The contribution payments for the first year shall be advanced by the government.

b) A new graduate who is securing government-issued documents usually required in the course of his employment application shall likewise be exempted from payment of fees and charges in connection with such documents, provided it is secured within one (1) year from his date of graduation. This includes, but is not limited to: (a) one copy of his birth certificate from the National Statistics Office, (b) tax identification number (TIN) from the Bureau of Internal Revenue (BIR), (c) clearance from the National Bureau of Investigation (NBI), (d) passport from the Department of Foreign Affairs (DFA), and (e) barangay clearance or certificate of residency from the local government units.

This exemption from payment of fees and charges shall likewise apply to a new graduate who will venture into business or self-employment, in relation to securing business or self-employment permits from the Department of Trade and Industry (DTI), the Securities and Exchange Commission (SEC), the BIR, and the City or Municipal Hall.

c) The State shall establish new programs that provide funding and technical support to business ventures of a new graduate, while strengthening existing programs. Awarding of such assistance to a new graduate shall be based on the innovative

features of a product or service, and its business viability and economic contribution to the country:

1) Each new graduate who ventures into a technology-based enterprise shall be able to avail of the programs under the Department of Science and Technology's Technology Application and Promotion Institute, including financial and technical assistance in the areas of setting up and operation of pilot ventures for micro, small and medium enterprises (MSMEs), upon submission of a feasibility study. Any loan granted under this program shall not be charged any interest.

2) Each new graduate who ventures into the production, processing or manufacturing of products or commodities shall be able to avail of the benefits under Republic Act 9178, or the Barangay Micro Business Enterprises (BMBEs) Act of 2002, including exemption from income tax and coverage of the minimum wage law.

3) Each new Agriculture-related graduate who ventures into an agribusiness enterprise shall be granted a loan not exceeding one hundred thousand pesos (P100,000.00) upon submission of a feasibility study. Provided that such funding is secured by a chattel mortgage of assets acquired from the loan and that the said graduate does not possess a negative credit information. He will be given priority in the granting of loans by the Land Bank of the Philippines, Development Bank of the Philippines, other government banks, rural and cooperative banks. To promote agricultural development in the country and encourage youth involvement in advancing agriculture-based enterprises, income derived from such ventures shall be exempt from income tax payment.

d.) The State shall likewise provide each new graduate the opportunity to participate in low-cost housing programs. Upon presentation of proof of employment, each new graduate shall be eligible to apply under the different programs of the National Housing Authority (NHA), particularly Core Housing and Medium Rise Housing Programs.

5.2 Right to a choice of opportunities.

- a) To assist a new graduate in selecting and securing employment, all government agencies that are mandated to generate employment and protect workers' rights, such as DOLE, POEA, PESO and other attached agencies, shall provide listings of job openings within the country and abroad, on their websites and offices. To effectively implement this, the said agencies shall closely coordinate with private and public higher education institutions (HEIs) to provide updated and relevant information on job opportunities. The HEIs shall post in conspicuous places inside their school campuses a listing of such job opportunities. The DOLE, POEA, PESO and other attached agencies shall also facilitate the scheduling of job interviews with prospective employers.
- b) To expand the employment opportunities of new graduates, those belonging to the top 10% of their school/college shall (1) be exempted from taking the Civil Service Eligibility Exam, should they opt to join the government sector, or (2) be qualified to undergo internship or on-the-job training in private institutions that have registered with the PESO, should they choose to be employed in the private sector.
- c) Any allowance or wage received by new graduates from employers who allow on-the-job-training or internship shall be an allowable deduction from the employer's gross income.

5.3 Right to a fair assessment.

- a) It shall be unlawful for any employer to discriminate against a new graduate in the hiring process, as well as in the terms and conditions of his employment, solely on the account of his lack of work experience and perceived inability to perform tasks satisfactorily. Hiring should be focused on his capability, creativity, and potential contribution to the company and industry based on his academic and extra-curricular records, as well as his performance in a company's qualifying examinations and interviews. Employers shall take into consideration the unique perspective and fresh ideas that a new graduate will bring into the company.
- b) A new graduate shall have equal chance to promotion, as with other employees of a company or institution, giving emphasis on skills, merit and potential, and not merely on length of tenure.

- c) A new graduate shall have the right to be informed of his career path within the company he is employed in. Thus, the employer must inform the new graduate upon hiring of its company policies and plans for potential advancement and promotion of the new graduate.

5.4 Right to a truly supportive wage.

- a) The State shall ensure that a new graduate shall be properly compensated based on his skills, workload and output. Payment of a lesser compensation to a new graduate as against a more senior employee, for work that is of equal value and with the same output, shall be a violation of this Act. This is without prejudice to company benefits relating to length of tenure of existing employees, such as, but not limited to, longevity pay.
- b) A new graduate earning purely compensation income shall be given additional P10,000.00 personal exemption on his income tax, over and above the amount provided under RA 8424 or the National Internal Revenue Code of 1997, as amended.
- c) Employers of a new graduate employed in a public or private institution who opt to establish and contribute to a personal equity and retirement account must match the graduate's contribution. Such contribution shall form part of the graduate's employment benefits

5.5 Right to a secure tenure.

- a) In consonance with the provision of the Labor Code, newly-hired employees have a right to a permanent position after six (6) months of satisfactory performance. Extension of probationary status of a new graduate shall be deemed as a violation of this provision. Moreover, employers are mandated to inform a new graduate hired of this right upon start of his employment. Thus, an employee who continues to be employed by his employer after a period of six (6) months shall automatically become a permanent employee.
- b) The DOLE and Civil Service Commission shall make a random audit of employees' tenure in both private and public institutions, respectively. Any employee who has been employed by his employer after a period of six (6) months shall be entitled to become a permanent employee.

5.6 Right to further training.

- a) It shall be the State's policy to encourage a new graduate's further training in the field of study he has specialized in. In the event that a new graduate employed in a private or public institution is offered further training, by way of continuing education, seminar or conference or on-the-job training, which would necessitate taking a leave of absence, he shall be allowed to attend such without loss of seniority rights.
- b) A new graduate shall be given equal opportunity and access to further training within the institution. A new graduate's status in any public or private institution (whether temporary, contractual, casual or probationary) shall not be a bar to his participation in any offered course or training within the institution. An employer is prohibited from limiting participation of courses or training to regular or tenured employees.
- c) A new graduate from disciplines crucial to national development, such as agriculture, science and technology, education, including promotion of culture and the arts, shall be given priority in further training, provided, that said graduates commit to stay and serve the country for a minimum of 5 years. Such training will be facilitated by DOLE, TESDA, and NCCA.
- d) To assist a new graduate, employed or unemployed, gain the necessary skills and training to be more competitive with experienced employees, DOLE and PESO are mandated to strengthen their programs on employment and occupational counselling, career guidance and training..

5.7 Right to fair credit.

- a) It shall be the State's policy to ensure that every new graduate is given the opportunity to build his credit. A new graduate who does not possess negative credit information shall be eligible to apply for a short-term, multi-purpose or cash loan from any financial institution despite the lack of a long credit history.
 - 1) A new graduate who is applying for a credit line or a loan in any financial institution may use two (2) current consecutive pay slips as proof of income, which shall be prima facie evidence that the new graduate has the capacity to repay or make good on the financial obligation he is applying for.
- b) The new graduate shall also be allowed to defer payment of any outstanding student loan obligation without interest within six (6) months of his graduation date in order to allow him time to seek employment. Thereafter, the new

graduate may apply with the financial institution for an extension of deferment of his student loan obligation for another six (6) months on account of hardship. During the extension, the graduate must be allowed to pay only the interest on his outstanding loan obligation.

1) The graduate may apply for forbearance on his student loan obligation at any time until full payment of the loan, provided that he informs the financial institution within 30 days from the first month he intends to ask for forbearance. The forbearance may be for a period of up to one year. The graduate must continue to pay interest on the loan during the period of forbearance.

- c) The State shall encourage commercial and government banks to appropriate a portion of their loans, with lower interest rates, to new graduates who need capital to start-up a business, without prejudice to non-new graduates' loan applications. To encourage participation, the "lost amount" arising from the granting of lower interest rates on loans given to new graduates shall be considered as an allowable deduction from the participating banks' gross income in the computation of its income tax.

5.8 Right to recognition. A new graduate, as with other employees, shall be recognized as an important part of the Philippine workforce. They should be valued and given proper recognition for their vital contribution to the country's economy. The DOLE shall initiate a New Graduates' Rewards Program to provide discounts and incentives to new graduates.

- a) A new graduate shall be able to continue to avail of the student discount on transportation fees within one (1) year from his graduation date.
- b) A new graduate who will be travelling outside of the country within one (1) year from his date of graduation shall also be exempt from payment of travel tax and airport terminal fee.
- c) A new graduate who will be travelling within the country within one (1) year from his date of graduation shall likewise be exempt from payment of airport terminal fees.

SEC. 6. One Stop Shop - The Public Employment Service Office (PESO) in different cities and municipalities shall serve as a One Stop Shop for a new graduate to secure any or all documents necessary for employment application. The PESO shall provide the step by step procedure in applying for the different documents needed. It shall likewise

be responsible for his registration and/or enrolment in the government agencies mentioned in Section 5.1.b.

Upon application for a New Graduate's Incentive Card, PESO shall encourage the new graduate to:

(a) Submit a curriculum vitae in order for the PESO to include his name in a database and enable them to link him with the appropriate companies or employers, as well as facilitate easier tracking of the number of new graduates in every industry.

(b) Attend an orientation seminar/workshop on basic labor laws and rights, and other useful information on public and private employment.

SEC. 7. *Implementation.* The DOLE, Civil Service Commission and concerned attached agencies shall be responsible for the administration and monitoring of the implementation of the provisions of this act, and shall promulgate the necessary implementing rules and regulations within thirty (30) days from its effectivity.

SEC. 8. *Appropriations.* To carry out the provisions of this Act, such sum as may be necessary is hereby authorized to be appropriated from the National Treasury. Thereafter, the sum necessary for the continuous operation of this Act shall be included in the annual appropriation of DOLE.

SEC. 9. *Separability Clause.* If any provision, or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision shall remain valid and subsisting.

SEC. 10. *Repealing Clause.* Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the provision of this Act is hereby repealed, modified or amended accordingly.

SEC. 11. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its publication in at least two (2) newspaper of general circulation.

Approved,