

Republic of the Philippines
HOUSE OF REPRESENTATIVES
QUEZON CITY, METRO MANILA
Sixteenth Congress
First Regular Session



HOUSE BILL NO. 4412

Introduced by: Honorable Isidro T. Ungab

EXPLANATORY NOTE

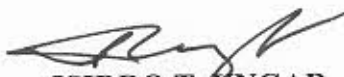
This bill seeks to create the Davao Regional State University System by integrating the University of Southeastern Philippines, the Davao del Norte State College, the Davao Oriental State College of Science and Technology, the Southern Philippines Agribusiness and Marine and Aquatic School of Technology, and the Campostela Valley State College. Davao Region's four local colleges: the Kapalong College of Agriculture, Sciences and Technology, the Governor Generoso College of Arts, Sciences and Technology, the Monkayo College of Arts, Sciences and Technology, and the Kolehiyo ng Pantukan shall also be integrated in the system through the respective state colleges operating in their respective provinces.

It is the policy of the state to promote, establish, maintain, and support a complete, adequate, and integrated system of education relevant to the needs of the people and society. Pursuant thereto and to Section 2 of Republic Act No. 7722, otherwise known as the "*Higher Education Act of 1994*" which seeks to promote the right to accessible, equitable and quality education, the government has developed and implemented programs on the merger of State Universities, and Colleges (SUCs).

With the favorable conditions in the Davao Region, the Commission on Higher Education (CHED) has identified the Region as its pilot area to implement its long-term plan strategy of reforming higher education, through a policy of amalgamation. Such amalgamation finds support from the Regional Development Council XI. Hence, this bill.

Integrating the SUCs into regional state university is aimed at reducing the number of SUCs in the country. In so doing, the concentration of the budget for education will be best addressed and monitored. Focusing the resources of the government in regional state university systems will result in more efficient, reliable and relevant educational institutions that will produce quality and competitive graduates. Further, integrating the Davao SUCs and LUCs would provide a unified corporate structure that guarantees harmonized and common academic standards, mutual recognition of academic program quality towards a system of inter-institutional credit transfer of units earned by students, inter-institutional collaboration in research and extension, faculty and staff training, as well as, resource and facilities sharing.

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


ISIDRO T. UNGAB

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AN ACT

CREATING A REGIONAL STATE UNIVERSITY SYSTEM IN DAVAO REGION TO BE KNOWN AS THE DAVAO REGIONAL STATE UNIVERSITY SYSTEM BY INTEGRATING THE UNIVERSITY OF SOUTHEASTERN PHILIPPINES, THE DAVAO DEL NORTE STATE COLLEGE, THE DAVAO ORIENTAL STATE COLLEGE OF SCIENCE AND TECHNOLOGY, THE SOUTHERN PHILIPPINES AGRIBUSINESS AND MARINE AND AQUATIC SCHOOL OF TECHNOLOGY, AND THE CAMPOSTELA VALLEY STATE COLLEGE AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. **Short Title.** – This Act shall be known as the "*Davao Regional State University System Charter*."

SEC. 2. **Declaration of Policy.** – The State shall promote, foster, nurture and protect the right to accessible, equitable and quality education. Toward this end, the State shall integrate higher educational institutions to build greater synergy among them, to enhance their academic performance and mission, to democratize access to affordable quality education and to create a greater critical mass for stronger efficiency and effectiveness in operations. Integration shall promote fiscal efficiency and a broad spectrum of academic, research, extension and production services that are harmonized and complementary, responsive to the development needs of the region and the nation. Through a refocused institutional culture and improved governance, the integrated Davao Regional State University System shall aim to become the State's main higher education provider in the region.

SEC. 3. **Creation of the Davao Regional State University System.** – There is hereby created a Regional State University System in Davao Region to be known as the Davao Regional State University System hereinafter referred to as Regional University System by integrating the University of Southeastern Philippines established pursuant to Batas Pambansa Blg. 12, the Davao Del Norte State College created pursuant to Republic Act No. 7879, the Davao Oriental State College of Science and Technology established

pursuant to Republic Act No. 6807, the Southern Philippines Agribusiness and Marine and Aquatic School of Technology established pursuant to Batas Pambansa Blg. 148, and the Campostela Valley State College established pursuant to Republic Act No. 10598, herein referred to as the Autonomous Campuses (ACs) of the Regional University System shall be autonomous in fiscal management, program formulation and implementation.

On account of its extensive geographical coverage and strategic role in the establishment of the Regional University System, the University of Southeastern Philippines shall serve as the seat of administration of the Regional University System. It shall be composed of two autonomous campuses, namely: (1) the Obrero-Mintal Campus and (2) the Tagum-Mabini Campus. The Bislig Campus located in the Caraga Region shall, at the expressed option of the constituencies of the academic unit, either be incorporated into a future amalgamated university system in Caraga Region that may be created or be annexed as an external campus of the most contiguous State college or university in that region.

In furtherance of their contribution to educational excellence in public higher education, Davao Region's four local colleges, namely: the Kapalong College of Agriculture, Sciences and Technology, the Governor Generoso College of Arts, Sciences and Technology, the Monkayo College of Arts, Sciences and Technology, and the Kolehiyo ng Pantukan, shall be integrated into the Regional University System as autonomous campuses of the respective state colleges operating in their respective provinces. Being products of local legislation, they shall continue to be supported by the respective local government units that created them while participating in the system-wide processes of the Regional University System.

The respective state and local colleges and state university may retain their original names for historical reasons and for purposes of keeping their present identities under the umbrella of the Davao Regional State University System.

SEC. 4. *General Mandate.* – The Regional University System shall provide a unified corporate structure to guarantee common academic standards and institutional identity. It shall foster complete unity and deep collaboration among autonomous campuses towards the following strategic goals:

- a. To create greater critical mass and economies of scale that will enable the University System to achieve greater efficiency and effectiveness;
- b. To build greater synergy among the ACs to improve the Regional University System's academic portfolio, boost academic performance to higher levels and enhance teaching quality in more diverse academic disciplines;
- c. To utilize governance structures more effectively by having a single governing board that can better focus on responding to development needs and combining disconnected academic and non-academic functions that can create additional capacity for other appropriate pursuits; and

d. To ensure equitable allocation of all financial, human, logistical resources among ACs and programs.

SEC. 5. **Administration.** – The Regional University System shall have the general powers of a corporation set forth in Batas Pambansa Blg. 68, as amended, otherwise known as “*The Corporation Code of the Philippines.*” The administration of the University System and the exercise of its corporate powers shall be vested exclusively in the Board of Regents.

SEC. 6. **Governing Board.** – The Governing Board of the Regional University System shall be the Board of Regents, hereinafter referred to as the Board, which shall be composed of the following:

a. The Chairperson of the Commission on Higher Education (CHED) or representative, as Chairperson;

b. The President of the Regional University System, as Vice-Chairperson;

c. The Chairperson of the Committee on Education, Arts and Culture of the Senate;

d. The Chairperson of the Committee on Higher and Technical Education of the House of Representatives;

e. The Chairperson of the Regional Development Council (RDC) XI;

f. The Regional Director of the National Economic and Development Authority (NEDA);

g. The Regional Director of the Department of Science and Technology (DOST);

h. The Regional Director of the Department of Agriculture (DA);

i. The Chancellors of the Autonomous Campuses;

j. The President of the Federation of faculty associations of the Regional University System;

k. The President of the Federation of student governments of the Regional University System;

l. The President of the Federation of alumni associations of the Regional University System; and

m. Two (2) prominent citizens from the private sector who have distinguished themselves in their profession or fields of specialization and are active in the dominant industries in the region that are directly relevant to the university’s need and external affairs, as members.

The Board of Regents shall appoint the two (2) prominent citizens from among the list of at least five (5) qualified persons who are residents of the Davao Region, as recommended by the search committee constituted by the Regional University System President, in consultation with the other members of the Board, based on the normal standards and qualifications for the position.

The term of office of the president of the federation of faculty associations, the president of the federation of student councils, and the president of the federation of alumni associations shall be co-terminus with their respective terms of office, as set forth in their respective constitutions and by-laws. The two (2) prominent citizens shall serve for a term of two (2) years from the date of their appointment.

SEC. 7. *Promulgation and Implementation of Policies.* – The Board shall promulgate and implement policies in accordance with the declared State policies on education, including those stated in Section 2 hereof, and other pertinent provisions of the Philippine Constitution on education, agriculture, science and technology.

SEC. 8. *Powers and Duties of the Board of Regents.* – 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 existing laws:

a) Promulgate rules and regulations not contrary to law as may be necessary to carry out the purposes and functions of the Regional University System;

b) Receive and appropriate all sums as may be provided for the support of the Regional University System in the manner it may determine in its discretion, in order to carry out the purposes and functions of the Regional University System;

c) Import duty-free economic, technical and cultural books or publications, upon certification by the CHED that such books are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes, in accordance with the provisions of the Tariff and Customs Code, as amended;

d) Receive in trust legacies, gifts and donations of real and personal properties of all kinds and to administer and dispose of the same when necessary for the benefit of the Regional University System, and subject to the limitations, directions and instructions of the donor, if any.

Such donations shall be exempt from the donor's tax and the same shall be considered as allowable deductions from the gross income in the computation of the income tax of the donor, in accordance with the provisions of the National Internal Revenue Code (NIRC), as amended:

Provided, That such donations shall not be disposed of, transferred or sold;

e) Fix the tuition fees and other necessary school charges, such as, but not limited to, matriculation fees, graduation fees and laboratory fees, as the Board may deem proper to impose, after due consultations with the involved sectors. Such fees and charges shall, including government subsidies and other income generated by the Regional University System, constitute special trust funds and shall be deposited in any authorized government depository bank, and all interests that shall accrue therefrom shall form part of the same funds for the use of the Regional University System.

Any provision of existing laws, rules and regulations to the contrary notwithstanding, all income generated by the Regional University System from tuition fees and other charges, as well as from the operation of auxiliary services and land grants, shall be retained by the autonomous campuses of the Regional University System, and may be disbursed by the Board for instruction, research, extension or other programs or projects of the university: *Provided*, That all fiduciary fees shall be disbursed for the specific purposes for which these are collected.

If, for reasons beyond its control, the Regional University System shall not be able to pursue any project for which the 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 the objectives and goals of the Regional University System;

f) Adopt and implement a socialized scheme of tuition and other school fees for greater access to poor but deserving students;

g) Authorize the construction or repair of its buildings, machinery, equipment and other facilities, and the purchase and acquisition of real property, including necessary supplies, materials and equipment;

h) Designate, upon recommendation of the President of the Regional University System, the vice presidents, chancellors, deans, directors, heads of departments, faculty members, and other officials and employees of the university;

i) Fix and adjust salaries of faculty members and administrative officials and employees, subject to the provisions of the Revised Compensation and Position Classification System and other pertinent budget and compensation laws governing hours of service, and such other duties and conditions as it may deem proper; grant them at its discretion, leaves of absence under such regulations as it may promulgate, any provision of existing law to the contrary notwithstanding; and remove them for cause in accordance with the requirements of due process of law;

j) Approve the curricula, instructional programs and rules of discipline drawn by the Administrative and the Academic Councils herein provided;

k) Set policies on the minimum system-wide requirements for admission, graduation of students and grant of honors;

l) Award honorary degrees upon persons in recognition of their outstanding contribution in the fields of education, public service, arts, science and technology, agriculture or in any field of specialization within the academic competence of the Regional University System: *Provided*, That such degrees shall not be conferred in consideration of any payment, gift or other valuable consideration;

m) Establish and absorb non-chartered tertiary institutions and establish campuses, branches and centers, and LUCs within the Davao Region in coordination with the CHED, and in consultation with the Department of Budget and Management (DBM)

and offer therein programs or courses, to promote and carry out equal access to educational opportunities as mandated by the Constitution: *Provided*, That any future public higher education institution that will be established within the region may be automatically integrated as an autonomous campus of the Davao Regional State University System, as may be determined by the Board;

n) Establish research and extension centers of the Regional University System where such will promote the development of the latter;

o) Establish professorial chairs in the Regional University System and provide fellowships for qualified faculty members and scholarships to deserving students;

p) Delegate any of its powers and duties to the president or other officials of the Regional University System, as it may deem appropriate, so as to expedite the administration of the affairs of the Regional University System;

q) Authorize an external management audit of the Regional University System, subject to the rules and regulation of the Commission on Audit (COA) and institute reforms, including academic and structural changes, on the basis of the audit results and recommendations;

r) Collaborate with other governing boards of the State colleges and universities as well as with private colleges and universities in working towards the development of the Regional University System to become more efficient, relevant, productive and competitive;

s) Enter into joint ventures, which may be initiated by the ACs, with business and industry for the profitable development and management of the economic assets of the Regional University System, including land grants, the proceeds of which shall be used for the development and strengthening of the Regional University System;

t) Develop consortia and other economic forms of linkages with local government units (LGUs), as well as public and private institutions and agencies, local and foreign, in the furtherance of the purposes and objectives of the Regional University System;

u) Develop academic arrangements for institution-capability building with appropriate institutions and agencies, public and private, local and foreign, and appoint experts or specialists as consultants, part-time or visiting or exchange professors, scholars or researchers, as the case may be;

v) Set up the adoption of modern and innovative modes of transmitting knowledge such as the use of information technology, the dual system, open learning or distance education and community laboratory for the promotion of greater access to education;

w) Establish policy guidelines and procedures for participative decision-making and transparency within the Regional University System;

x) Privatize, where most advantageous to the Regional University System, the management of non-academic services such as health, food, building or grounds or property maintenance and such other similar activities;

y) Extend the term beyond the age of retirement but not beyond the age of seventy (70) of the Regional University System President whose performance has been unanimously rated by the Board as outstanding, based on the guidelines, qualifications and standards set by the Board, after unanimous recommendation by the Performance Evaluation Committee (PEC); and

z) Reconstitute or create additional constituent units of the Regional University System as may be relevant at a future time.

SEC. 9. *Meetings of the Board.* – The Board of Regents of the Regional University System shall regularly convene at least once every quarter. However, the Chairperson of the Board may, upon three (3) days prior written notice, call a maximum of four (4) special meetings within a year, whenever necessary.

All regular meetings of the Board shall be held in either the main campus or in any of the constituent units as may be determined by the Regional University System President in consultation with the chancellor, except for certain meritorious and expedient reasons where special meetings may be held in venues outside the Region.

A quorum of the Board of Regents shall consist of a majority of all its members holding office at the time of the meeting: *Provided*, That the Chairperson of the Board or the Regional University System President is among those present in the meeting.

In the absence of the Chairperson of the CHED, a duly designated Commissioner of the CHED shall represent the Chairperson in the meeting with all the rights and responsibilities of a regular member: *Provided, however*, That during this meeting, the Regional University System President as Vice-Chairperson shall be the presiding officer: *Provided, further*, That this proviso notwithstanding, the Chairperson of the CHED is hereby authorized to designate a CHED Commissioner as the regular Chair of the Board, in which case said CHED Commissioner shall act as the presiding officer.

In case the Chairpersons of the Congressional Committees on Education shall not be able to attend the Board meeting, they may duly designate to attend the said meeting their respective representatives who shall have the same rights and responsibilities as a regular member of the Board.

The members of the Board shall not receive any salary but shall be entitled to reimbursements for actual and necessary expenses incurred, either in their attendance to meetings of the Board or in connection with other official business authorized by resolution of the Board, subject to existing laws and regulations.

SEC. 10. *Regional University System President.* – The Regional University System shall be headed by a full-time president who shall be appointed by the Board subject to the guidelines, qualifications and standards set by the Board and upon recommendation of a duly constituted search committee. The Regional University System President shall have a term of four (4) years and shall be eligible for reappointment for another term.

In case of vacancy in the office of the Regional University System President by reason of death, compulsory retirement, resignation, removal for cause or incapacity to perform the functions of the office, the Board shall have the authority to designate an officer-in-charge of the Regional University System within six (6) months from date of vacancy, pending the appointment of a new Regional University System President. The Regional University System President appointed by the Board after the occurrence of any of the aforementioned events shall serve the unexpired portion of the term, subject to reappointment for another term if warranted.

The powers and duties of the President of the Regional University System, in addition to those specifically provided in this Act, shall be those usually pertaining to the office of the President of similar universities.

The salary of the Regional University System President shall be in accordance with the Revised Compensation and Position Classification System and shall be comparable to that being received by the Presidents of similar educational institutions.

SEC. 11. *Vice-President.* – The Regional University System President shall be assisted by a vice president for academic affairs, a vice president for administration and finance and a vice president for research and extension and development, and such other vice presidents as may be determined by the Board. They shall be designated by the Board, upon the recommendation of the Regional University System President. They shall serve as staff and may assume line functions upon the direction of the University System President.

SEC. 12. *Chancellor of the Autonomous Campuses.* – The administration of each Autonomous Campuses (ACs) is vested in the Chancellor subject to the limitations as may be imposed by the Board. The Chancellors shall be designated by the Board, upon the recommendation of the duly constituted search committee, subject to the guidelines, qualifications or standards set by the Board.

The Chancellors shall report to the Regional University System President, and shall perform the duties and functions that are essential or necessary for the proper and convenient administration and transaction of the business and affairs of their respective ACs, subject to the policies and rules prescribed by the Board. The Board shall determine the term and compensation of the Chancellor.

SEC. 13. *Secretary of the University and of the Board.* – There shall be a Secretary of the Regional University System appointed by the Board, who shall also be the Secretary of the Board in all its meetings, and who shall keep such records of the University as may be designated by the Board.

SEC. 14. *Executive Administrative Council.* – There shall be a system-wide administrative council headed by the Regional University System President, with membership consisting of the vice-president for administration and finance, chancellors and heads of the council of deans and other officials as may be deemed necessary by the Board. The Executive Administrative Council shall set the direction and administrative policies on a system-wide basis and shall perform oversight functions on administrative matters.

SEC. 15. *Administrative Council.* – There shall be an administrative council in each AC in the Regional University System with a chancellor as Chairman, the deans and directors of equal rank within the AC as members. The Administrative Council shall formulate and recommend plans, programs and policies for administration, finance and production for approval by the Board.

The president of the pertinent student association of each AC may be allowed to attend the meetings of the Administrative Council as an observer.

SEC. 16. *Academic Senate.* – There shall be a system-wide Academic Senate with the Regional University System President as chairperson, the vice-presidents, chancellors, deans and all faculty members with an academic rank of full Professors as members: *Provided*, That when a certain AC is not duly and amply represented, the Academic Council of said AC's shall elect their representatives, the number of which shall not be more than ten percent (10%) of its faculty strength: *Provided, further*, That the said AC's representatives shall be members of the Academic Council.

SEC. 17. *Powers of the Academic Senate.* – The Academic Senate is the supreme academic advisory body in the Regional University System and shall be responsible for the following functions:

- a. Set a system-wide academic policies and minimum academic standards;
- b. Perform oversight functions on all academic matters pertaining to the Regional University System and its programming;
- c. Formulate, evaluate, and recommend to the Regional University System President policies and procedures which pertain to the development, maintenance, and improvement of the Regional University System program in academic matters;
- d. Adopt internal rules or procedures consistent with the provisions of this Act; and
- e. Perform other corollary functions inherent to its functions.

SEC. 18. *Academic Council.* – There shall be an Academic Council in each AC chancellor as chairperson and of all the faculty members in the AC holding the rank of assistant professor and higher as members.

SEC. 19. *Powers of the Academic Council.* – The Academic Council shall be the highest academic body of each AC and shall exercise the following powers within the jurisdictional confines of such AC:

- a. Fix the requirement for admission to any college or unit or any academic program or course offering and for graduation and conferment of a degree, and the grant of honors subject to the minimum system-wide requirements;
- b. Prescribe the academic programs including their institution, revision, abolition, and merger, subject to the approval of the Board;
- c. Recommend to the Board the graduation of students and the grant of honors;
- d. Undertake a periodic review of academic courses, programs, standards, thrusts and policies;
- e. Adopt the necessary measures to enable students to exercise their established religious beliefs consistent with the accepted norms and morals of society. Students shall be given options to fulfill their academic responsibilities, such as, but not limited to, make-up classes or examinations on missed school days or examinations which coincided with the exercise of their established religious beliefs;
- f. Adopt internal rules or procedures consistent with the provisions of this Act; and
- g. Perform other corollary functions inherent to its functions.

SEC. 20. *Research, Extension and Enterprise Development (REED) Regional University System Council.* – There shall be a REED Regional University System Council which shall perform oversight functions and provide direction on REED matters system wide. The REED Regional University System Council shall be headed by the Regional University System President, with the Chairpersons of the AC REED Councils as members.

SEC. 21. *Research, Extension and Enterprise Development Council (REED Council) in ACs.* – There shall be in each AC a REED Council which shall formulate and craft research, extension, and enterprise development policies, programs and plans for AC-based implementation upon approval by the Board. The REED Council shall be chaired by the AC's Chancellor, the deans and the directors, and the AC's active researchers and extension personnel with the academic rank of associate professor or higher as its members.

SEC. 22. *Faculty.* – No political beliefs, gender preference, physical disability, cultural or community affiliation or ethnic origin, and religious opinion or affiliation shall be a matter of inquiry in the appointment of faculty members of the Regional University System: *Provided*, That the appointment shall be subject to the guidelines, qualifications and standards set by the Board: *Provided, further*, That no member of the faculty shall teach for or against any particular church or religious sect.

SEC. 23. *Scholarship Program or Admission.* – The Regional University System shall provide a scholarship program and other affirmative action programs to assist poor but deserving students who qualify for admission to the Regional University System.

No student shall be denied admission to the Regional University System by reason of age, gender, physical condition, religion, political beliefs, cultural or community affiliation or ethnic origin.

SEC. 24. *Academic Freedom and Institutional Autonomy.* – The Regional University System shall enjoy academic freedom and institutional autonomy, pursuant to paragraph 2, Section 5 of Article XIV of the 1987 Constitution.

SEC. 25. *Assets, Liabilities and Personnel.* – All assets, real and personal, personnel and records of all the ACs, as well as liabilities or obligations, are hereby transferred to the Regional University System: *Provided*, That the utilization of the assets shall be retained by the respective ACs. The positions, rights and security of tenure of the faculty members and personnel employed in each of the ACs under existing laws prior to this Act shall be respected.

All assets donated to the respective ACs under its former juridical personality shall be deemed donated to and hence a property of the new Regional University System as a duly constituted body or juridical entity.

SEC. 26. *Appropriations.* – The amount necessary to carry out the initial implementation of this Act shall be charged against the current year's appropriations of the University of Southeastern Philippines, the Davao del Norte State College, the Davao Oriental State College of Science and Technology, and the Southern Philippines Agribusiness and Marine and Aquatic School of Technology and the Campostela Valley State College and the funding provided by the local government units where these State university and colleges are located.

In addition, the amount of One Hundred Million Pesos (P100,000,000.00) is hereby appropriated for the establishment of the Davao Regional University System. Thereafter, such sums as may be necessary for the continued operation and maintenance of the Regional University System shall be included in the annual General Appropriations Act.

SEC. 27. *Land Grants and Other Real Properties of the Regional University System.* – The State shall provide support to the Regional University System in the form of lump sum amount, through general appropriations and other financial benefits, and in kind, through land grants and donations and use of other real properties. To carry out the intent of these grants, income derived from the development of all land grants and real properties acquired by the Regional University System shall be used to further the ends of the Regional University System, as may be decided by the Board.

The Board shall plan, design, approve or cause the implementation of financial mechanisms, such as joint ventures and long-term leases, to give the Regional University System the most advantageous position in generating revenues and other resources from the land grants and other real property entrusted by the Filipino people: *Provided*, That such long-term leases shall not conflict with the Regional University System's academic mission, as well as, sustain and protect the environment: *Provided, further*, That the

plans shall preserve the academic core zone of each autonomous campus concerned: *Provided, finally*, That funds generated from the long-term leases shall not be meant to replace, in whole or in part, the annual appropriation provided by the national government to the Regional University System.

SEC. 28. *Tax Exemptions.* – The provision of any general or special law to the contrary notwithstanding:

a. All revenues and assets of the Regional University System used actually, directly and exclusively for educational purposes shall be exempt from all taxes and duties;

b. Gifts and donations of real and personal properties of all kinds shall be exempt from the donors' tax and the same shall be considered as allowable deductions from the gross income of the donor, in accordance with the provisions of the National Internal Revenue Code, as amended;

c. Importation of economic, technical, vocational, scientific, philosophical, historical and cultural books, supplies, equipment, machinery and other materials, including scientific and educational computer and software equipment, shall be exempt from customs duties; and

d. The Regional University System shall be exempt from payment of value-added tax on its transactions which are primarily and directly undertaken for educational purposes.

SEC. 29. *Development Plan, Management Audit.* – Within one hundred twenty (120) days after the approval of this Act, the Regional University System shall accomplish the following:

a) Submit a medium term development plan, including its corresponding program budget to CHED, for corresponding recommendation to the Department of Budget and Management;

b) Undergo a management audit in cooperation with CHED; and

c) Accordingly set up its organizational, administrative, as well as, academic structure, including the appointment of the Regional University System key officials.

SEC. 30. *Transitory Provisions.* –

a. *Budget* – Each AC shall retain its budget from the national government through the General Appropriations Act. The internally-generated income of each AC shall also be used by the AC itself. Each AC shall constitute and formulate its own resource generation mechanism and the operational policies and implementation scheme shall be approved by the respective AC's Administrative Council.

b. *Transitory President* – In order to effect a smooth transition to a Regional University System, the Governing Board may appoint a qualified transitory President who shall serve as the first President of the Regional University System for two (2) years from the effectivity of this Act, the selection process for whom, shall be determined by the Governing Board.

c. *Transitory Chancellors* – The incumbent Presidents of the State university and colleges being integrated shall serve as transitory chancellors of the respective ACs for two (2) years from the effectivity of this Act or until the expiration of the current term of office of the incumbent, whichever is longer.

d. *Transitory Faculty Regent* – The incumbent faculty trustees or regents, as the case may be, shall choose from among themselves who shall be the transitory Faculty Regent for the Regional University System. The term of the transitory Faculty Regent shall be until such time that a Faculty Regent shall have been duly elected by the new faculty federation of the Regional University System.

e. *Transitory Student Regent* – The incumbent student trustees or regents, as the case may be, of the integrated state university and colleges shall choose from among themselves who shall be the Transitory Student Regent for the Regional University System. The term of transitory Student Regent shall be until such time that a Student Regent shall have been duly elected by the new student federation of the Regional University System.

f. *Transitory Alumni Regent* – The incumbent alumni trustees or regents, as the case may be, of the integrated state university and colleges shall choose from among themselves who shall be the transitory Alumni Regent for the Regional University System. The term of the transitory Alumni Regent shall be until such time that an Alumni Regent shall have been duly elected by the new alumni federation of the Regional University System.

g. *Budget for the transitory system-wide administration* – The first year of implementation of the system-wide administration of the Regional University System shall be provided for by the CHED, specifically on complementation and consortium activities or programs, until the budgetary requirement shall have been incorporated into the general budget of the Regional University System.

h. *Rationalization of the system-wide administration* – After the management audit and to effect the appropriate administrative structure for operational efficiency, the Davao Regional State University System shall gradually rationalize redundant administrative offices, subject to civil rules and appropriate incentive packages.

SEC. 31. *Suppletory Application.* – The provisions of Republic Act No. 8292, otherwise known as the “*Higher Education Modernization Act of 1997*,” shall be an integral part of this Act and shall serve as part of the governing charter of the Regional University System.

SEC. 32. *Parity Clause.* – All other powers, functions and privileges, responsibilities and limitations granted to, or imposed upon state universities and their officials under existing laws shall be deemed granted to or imposed upon the Regional University System and its officials whenever appropriate.

SEC. 33. ***Implementing Rules and Regulations.*** – Within a period of ninety (90) days from the effectivity of this Act, the Board of the Regional University System shall, in collaboration with the Commission on Higher Education, promulgate rules and regulations as may be necessary for the effective implementation of this Act.

SEC. 34. ***Separability Clause.*** – If, for any reason, any part or provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby shall remain in full force and effect.

SEC. 35. ***Repealing Clause.*** – All laws, decrees, orders, rules and regulation inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 36. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,