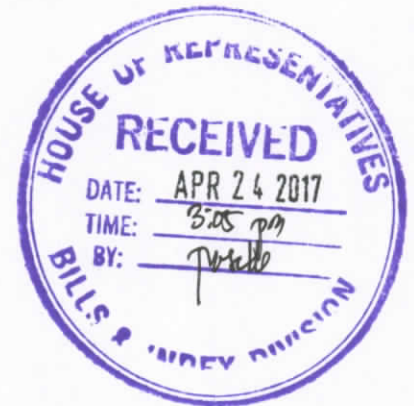


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH (17TH) CONGRESS
First Regular Session



House Bill No. **5483**

Introduced by: Rep. Bernadette Herrera-Dy

“AN ACT TO STRENGTHEN TECHNICAL VOCATIONAL EDUCATION AND TRAINING (TVET) IN THE PHILIPINES BY INCORPORATING APPRENTICESHIP AND DUAL TRAINING AND RECOGNIZING THE IMPORTANCE OF CONTINUOUS TRAINING OF THE UNEMPLOYED AND EXPANDING THE PROVISION OF ENTERPRISE-BASED EDUCATION AND TRAINING”

EXPLANATORY NOTE

1 The Technical Vocational Education and Training (TVET) provides education and
2 training opportunities to students and the Philippine labor force. It addresses skills training,
3 skills upgrade, and development of new competencies that enhances employability and
4 improves productivity.

5 A report from the Department of Education (DepEd) indicates that there is a huge
6 market that needs TVET. It is comprised primarily of high school graduates, secondary school
7 leavers, college undergraduates, and graduates who want to acquire competencies in different
8 occupational fields. Other potential enrollees are unemployed persons who are actively looking
9 for work, returning overseas Filipino workers (OFWs), and workers who were displaced due
10 to closure of establishments and retrenchments.¹

11 Overtime time, there has been a steady rise of TVET enrollees who have been assessed,
12 certified, and employed.² These is notable in areas where there is active employer and TVET
13 enrollee participation in both on-the-job and off-the-job trainings. This finding points to a
14 greater focus on private sector participation in skills development as an essential alternative
15 route to training and employment.

16 The alignment of TVE with employer demand is imperative. It is crucial to the
17 development of qualified workers and the reduction of potential skills shortages.

¹ <http://www.tesda.gov.ph/uploads/file/Phil%20TVET%20system%20-%20syjuco.pdf>

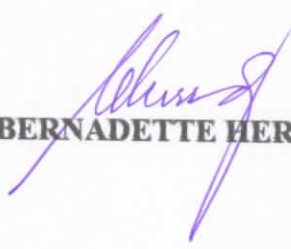
² <http://unesdoc.unesco.org/images/0023/002303/230331e.pdf>

This bill is a response to the necessity of involving the private sector in the provision of skills (1) to help meet the demand of the economy for well-trained manpower; (2) to establish a national enterprise-based training system that is competency-based, including an on-the-job and off-the-job training program through a tripartite participation of employers, workers, and government; (3) to establish enterprise-based training standards to ensure that our trainees will acquire the right competencies and for the protection of the rights and safety of trainees; and (4) to broaden the opportunities, venues of education, and training, towards greater access.

This bill can help the government continue to rise up and meet the changing needs of the market, link with public and private sector partners, and put in place good governance practices that can expand partnerships with industry associations and companies through enterprise-based training. Ensuring that employers are fully engaged in TVET also bridges the gap between institutional policy and the practical reality of matching qualified workers with appropriate skill requirements.

This bill builds upon and borrows from Senate Bill No. 208 filed before the Senate of the Philippines in the 17th Congress.

In view of the foregoing, its immediate passage is earnestly sought.



BERNADETTE HERRERA-DY

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SEVENTEENTH (17TH) CONGRESS
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House Bill No. **5483**

Introduced by: Rep. Bernadette Herrera-Dy

1 **AN ACT TO STRENGTHEN TECHNICAL VOCATIONAL EDUCATION AND**
2 **TRAINING (TVET) IN THE PHILIPINES BY INCORPORATING**
3 **APPRENTICESHIP AND DUAL TRAINING, RECOGNIZING THE**
4 **IMPORTANCE OF CONTINUOUS TRAINING OF THE UNEMPLOYED, AND**
5 **EXPANDING THE PROVISION OF ENTERPRISE-BASED EDUCATION AND**
6 **TRAINING**
7

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

10 **SECTION 1. Short Title** — This Act shall be known as the "Enterprise-Based
11 Education and Training Act of 2017."
12

13 **SEC. 2. Declaration of Policy.** — It is hereby declared the policy of the State
14 to enhance the skills of middle-level workforce of the entire nation. The State seek to
15 strengthen middle-level manpower education and training in the country and to promote
16 employment so that it can be assured an ever-growing supply of educated and skilled
17 globally competitive manpower equipped with appropriate skills and desirable work habits
18 and attitudes in accordance with the requirements that meet the demands and standards
19 of the workplace in the market. The policy recognizes two paths of education and
20 training, namely: for developing and upgrading the skills of student/trainee in a
21 technologically changing world and for providing relevance in the training of
22 student/trainee by encouraging work experiences as valid part and means of education
23 and training.
24

25 The recognition of the two paths of education and training will greatly contribute
26 to the creation of a dependable pool of well-trained middle-level workforce in the
27 country.
28

29 **SEC. 3. Statement of Objectives** — This Act shall have the following objectives:
30

- 31 a. To help meet the demand of the economy for well-trained manpower through
32 Technical Vocational Education and Training;

- 1 b. To establish a national enterprise-based training system and standards that is
2 competency-based, including an on and off-the job training program through the
3 participation of employers, workers, and government;
4
5 c. To establish enterprise-based training standards to ensure that the trainees will
6 acquire the right competencies and for the protection of the rights and safety
7 of the trainees.
8
9 d. To broaden the opportunities, venues of education, and training towards greater
10 access for all workers.
11

12 **SEC. 4. Definition of Terms.** — As used in this Act:
13

- 14 a. "*Enterprise-Based Training Program*" means practical training with compulsory
15 related theoretical instructions conducted on and off- the job involving an agreement
16 between a trainee and an enterprise on an approved enterprise-based training
17 qualification. The duration of the program shall be based on the complexity of
18 the competencies to be learned in the specific qualification.
19
20 b. "*Enterprise-Based Trainee/Student*" is a person undergoing training for an
21 approved enterprise-based education and training qualification in an established
22 period assured by an enterprise-based education and training agreement.
23
24 c. "*Enterprise*" is any entity organized with profit or non-profit aims, regardless of the
25 nature of the product or service it provides, and includes any group or association,
26 industry organization, organization companies, association of single proprietorships,
27 leagues or groups of government instrumentalities or local government units, or civic
28 and non-profit groups of whatever nature and kind.
29
30 enterprise, group or association, industry organization, government institution or
31 civic group
32
33 d. "*Enterprise-Based Training Agreement Between Enterprise and Trainee*" is a
34 contract wherein an enterprise binds itself to train the trainee who in turn accepts
35 the terms of education and training for an enterprise-based training qualification
36 emphasizing the rights, duties and responsibilities of each party.
37
38 e. "*Enterprise-Based Education and Training Qualification*" is a qualification
39 approved for enterprise-based education and training by the TESDA Board.
40 Qualification refers to the whole range of competencies a person possesses.
41
42 f. "*Enterprise-Based Education and Training Fund*" is a fund to be used to defray
43 expenses of the trainees and other expenses related to the implementation of
44 Enterprise-Based Training program.
45
46 g. "*Competency Standards*" are written specifications of the knowledge, skills,
47 attitudes and values required for the performance of a job, occupation or trade
48 and the corresponding standard of performance required for these in the workplace.
49

- 1 h. "*Competency Assessment*" is the process of gathering and judging evidence in
2 order to decide whether a person has achieved a standard of competency of
3 competence objective.
4
5 i. "*Dual Education and Training*" refers to the combination of on and off-the-job
6 training involving an enterprise and a training institution.
7
8 j. "*Period of Education and Training*" states when the training commences and
9 terminates.
10
11 k. "*Nominal Duration of Education and Training*" is the estimated number of
12 training hours.
13

14 **SEC. 5. Minimum Trainee Entry Requirements for Qualifications of an**
15 **Enterprise-Based Education and Training** - To qualify as an enterprise-based
16 student/trainee, a person shall, at a minimum:
17

- 18 a. Be at least a high school graduate or its equivalent;
19
20 b. Possess vocational aptitude and capacity for enterprise-based training as established
21 through appropriate testing; and
22
23 c. Possess the ability to comprehend and follow oral and written instructions.
24

25 Industry associations and labor groups may recommend to the TESDA appropriate
26 or additional educational requirements for different occupations.
27

28 **SEC. 6. Aptitude Testing of Applicants** — Consonant with the minimum
29 qualifications of the enterprise-based trainee applicant required under this Act, the
30 enterprises, groups or associations, industry organizations, government institutions or civic
31 groups with duly recognized enterprise-based training programs shall have the primary
32 responsibility for providing appropriate aptitude tests in the selection of trainees. If they
33 do not have adequate facilities for the purpose, the TESDA may perform the service
34 free of charge.
35

36 **SEC. 7. Scope of Training and Coverage of Venues** — An enterprise, group
37 or association, industry organization, government or civic group wishing to organize an
38 enterprise-based training program shall have its program registered with TESDA before
39 it enters into an agreement with the trainees.
40

41 This Act shall apply to all work related or workplace related training regardless
42 of the following seven (7) modalities: (a) Apprenticeship; (b) Learnership; (c) On the
43 Job Training (OJT); (d) Practicum; (e) Work Appreciation Program; (f) Dual Training
44 System; (g) Internship.
45

46 **SEC. 8. Contents of Enterprise-Based Training Agreement.** — Enterprise-Based
47 Training Agreements shall conform to the rules issued by the TESDA and shall include
48 the following:
49

- 50 a. Nature and purpose of training;

- b. Curriculum;
- c. Period of training;
- d. Training allowance equivalent to seventy-five percent (75%) of the existing minimum wage which can be paid in cash or kind or in both;
- e. Schedule of training allowance payments;
- f. Process of termination of enterprise-based training; and
- g. General rights and obligations of both parties.

SEC. 9. Signing of Enterprise-Based Training Agreement — Every enterprise-based education and training agreement shall be signed by the employer or his agent, or by an authorized representative of any of the recognized organizations, associations, government institutions or civic groups, and by the student/trainee.

An enterprise-based training agreement with a minor shall be signed on his behalf by his parent or guardian or, if the latter is not available, by an authorized representative of TESDA, and the same shall be binding during its lifetime.

SEC. 10. Enterprise-based Education and Training Arrangements — A registered enterprise, group or association, industry organization, government institution or civic group wishing to organize the enterprise-based education and training program shall choose from any of the following enterprise-based training schemes, which shall use the dual education and training approach:

- a. Enterprise-based education and training involving a company or entity and an identified technical vocational institution;
- b. Enterprise-based education and training involving a group of companies/entities and a technical vocational institution;
- c. Enterprise-based education and training involving an industry training center and a company/entities or a group of companies/entities;

SEC. 11. Responsibility for Theoretical Instruction — Compulsory theoretical instructions shall be part of enterprise-based education and training program. In cases where the program is undertaken in the plant, theoretical instructions may be given by the enterprise. If the latter is not prepared to assume the responsibility, the same may be delegated to an appropriate government agency.

SEC. 12. Enterprise-Based Education and Training Administration - The overall policy for enterprise-based education and training shall be the function of the TESDA Board. The responsibility for enterprise-based training administration, monitoring and evaluation of on and off-the-job training shall be the concern of the TESDA Secretariat. The identification and prioritization of enterprise-based training qualifications and the development of competency standards and curricula shall be the joint

responsibility of industry associations, labor groups, and TESDA. The Plant Enterprise-Based Education and Training Committee shall be established in every participating enterprise to ensure that program implementation is in accordance with approved policies.

SEC. 13. Investigation of Violation of Enterprise-Based Training Agreement— The Industry Coordinator, upon complaints of any interested party or *motu proprio*, shall have the initial responsibility for settling differences arising from enterprise-based training agreements. In case it is not able to settle such differences, the TESDA Secretariat or its authorized representative shall investigate and render a decision pursuant to pertinent rules and regulations.

SEC. 14. Appeal to the TESDA Secretariat - The decision of the TESDA Secretariat may be appealed by any aggrieved person to the TESDA Board within five (5) days from receipt of the decision. The decision of the TESDA Board shall be final and executory.

SEC. 15. Exhaustion of Administrative Remedies. — No person shall institute any action for the enforcement of any enterprise-based training agreement or damages for breach of any such agreement, unless he has exhausted all available administrative remedies.

SEC. 16. Conditions as Exemptions for Voluntary Participating Organization of Enterprise-Based Training Program:

- a. When national security or particular requirements of economic development so demand, the President of the Philippines may require compulsory enterprise-based education and training in certain trades, occupations, jobs or employment levels where storage of trained manpower is deemed critical as determined by the TESDA Board upon the recommendation of its Secretariat.
- b. Where services of foreign technicians are utilized by private companies in enterprise-based training occupations, such companies are required to set-up appropriate enterprise-based education and training programs.

SEC. 17. Enterprise-based Education and Training Fund. — An Enterprise-Based Education and Training Program Fund shall be established to defray the expenses of the trainees and other expenses related to the implementation of the enterprise-based training program. The fund shall be derived from the following:

- a. One percent (1%) of passport fees collected from departing Overseas Filipino Workers (OFWs);
- b. One-time fee paid by the graduates of the enterprise-based training program upon employment to be paid through the SSS; and
- c. Donations, grants and endowments specifically for the enterprise-based training programs.

1 **SEC. 18. Enterprise-based Education and Training Incentives.** - Participating
2 Enterprises, Groups or Associations, Industry Organizations or Civic Groups participating in
3 the enterprise-based training program shall be granted the following incentives:
4

- 5 a. An additional deduction from taxable income equivalent to fifty percent (50%)
6 of the training expenses incurred provided that such expenses shall not exceed
7 five percent (5%) of their total direct labor expenses but in no case exceed
8 twenty-five million pesos (25,000,000) a year;
9
- 10 b. Donations, contributions, bequest, subsidy or final aid actually paid or made
11 to a participating training institution within the taxable year shall also be
12 deductible for income tax purposes in an amount not to exceed five percent
13 (5%) of the taxable business income of the participating enterprise, group or
14 association, industry organization or civic group computed without the benefit
15 of deduction; and
16
- 17 c. Exemption from donor's tax, provided, however, that not more than thirty
18 percent (30%) of said donations shall be used by the training institution for
19 administration purposes.
20

21 **SEC. 19. Exemption from Probationary Employment; System of Equivalency.**
22 — Certified enterprise-based training graduates shall be exempted from the rules applicable to
23 probationary employment. They shall be employed as regular workers if chosen to be retained
24 by the participating enterprise, group or association, industry organization, government
25 institution or civic group.
26

27 Enterprise-Based Training graduates shall likewise be awarded equivalent unit
28 credits in the formal system of education and which can be used in pursuing tertiary
29 degree courses, subject to the integrated policies and guidelines of equivalency and adult
30 education acceleration program of TESDA, Commission on Higher Education (CHED)
31 and Department of Education (DepEd).
32

33 **SEC. 20. Insurance Coverage and Protection of Trainees** - Every participating
34 enterprise, group or association, industry organization, government institution or civic
35 group undertaking training in accordance with the provisions of this Act shall sign a
36 life and/or accident insurance policy.
37

38 **SEC. 21. Responsibility for Work Site Safety** - Every agricultural, industrial,
39 medical and business establishment undertaking training in accordance with the provisions
40 of this Act, shall sign a life and/or accident insurance policy on the life of the trainee
41 as insured and the spouse, children or parents of the trainee as the beneficiaries thereof:
42 Provided, that the agricultural, industrial and business establishments shall pay for the
43 premium of said insurance policy.
44

45 **SEC. 22. Repealing Clause.** — All laws, decrees, orders, rules and regulations
46 or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.
47

48 **SEC. 23. Effectivity.** - This Act shall take effect after completion of its
49 publication in the Official Gazette or in two (2) newspapers of general circulation.
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Approved.