

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 1362



Introduced by Representatives Ron P. Salo

EXPLANATORY NOTE

In the age of globalization, there is a need to adapt to continually evolving international trends and standards. The methods and institutions that are the giants of the industries will eventually falter if they will not be able to keep up with the ever changing demands of the world. The developed countries are showing the way to a strong and stable economy and the Philippines can very much learn from their best practices. What better way to learn the best practices of developed countries than by exposing ourselves to the methods and techniques of their educational system and learn from their classrooms from a first-hand perspective.

The quality of education differs from country to country. It depends on their methods, facilities, available resources, and also on their norms, culture and tradition. In the advent of globalization, it is essential that the gaps and differences of the quality of education be closed in order for those countries that are lagging behind to keep up, or at least emulate, the trends of developed countries. Those countries that fail to adapt and adopt the trends are doomed to suffer from slow economic development.

One avenue for the Philippines to keep up with the trends in globalization is to open our higher education institutions to partnerships with foreign higher education institutions. In this way, we get to expose ourselves to the best practices of other countries that we may adopt and integrate into our higher educational system. For their part, they will be able to immerse themselves into our methods and practices and expose our higher education institutions to their commendations and suggestions.

By entering into partnerships and other collaborative arrangements with reputable universities from around the globe through transnational education (TNE), the Philippines will be able to attract a flow of talented faculty and international students who pay fees and contribute to the economy, with potential benefits to its research and development base. It will enable the country to develop greater teaching and research capacity in niche and technical fields that are critical for economic and social development.

Collaborative provision of education through TNE will improve access to higher education. Local students who are otherwise unable to travel abroad will have access to the best foreign universities, thereby stemming the outflow of currency. Examples from other countries in East

Asia, such as Hong Kong and Malaysia, show that good quality TNE provision can widen access to higher education, an important national priority.

TNE has the potential to create more jobs inside the Philippines for teaching professionals, academics and support staff. Added to the existing advantage that the Philippines has in the English language, TNE can enhance the international attractiveness of the Philippine higher education system, positioning domestic higher education institutions more positively as preferred partners for international collaboration and strengthening their capacity to carry out research that supports the country's growing knowledge economy. In addition, the improvement of talent retention will address some of the issues associated with the large-scale diaspora overseas of skilled workers, many of whom are college graduates with high English proficiency.

The offering of programs and establishment of transnational education institutions is not new to us. In fact, there have been various issuances on this matter. In 2008, pursuant to the UNESCO/Council of Europe Code of Good Practice in the Provision of Transnational Education (adopted in 2001), the CHED issued Memorandum Circular No. 2, adopting and promulgating the Policies, Standards, and Guidelines for Transnational Education. Very recently, CHED conducted consultations in Luzon (June 24, 2016), Visayas and Mindanao (June 15, 2016) on the proposed guidelines for transnational education.

However, as it stands, there is no law that provides the overall framework for the operation and administration of transnational education in the Philippines. There is a need to create a legislation that will institutionalize the mechanisms for transnational education in the country.

This Bill seeks to provide the legal framework for the creation, operation, administration, and coordination of transnational higher education in the Philippines. It also provides measures to ensure that the barriers in the country's legislative and regulatory framework will be addressed to facilitate the operation of TNE institutions and the enrolment of foreign students in the country.

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


RON P. SALO
KABAYAN Partylist

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AN ACT

**EXPANDING ACCESS TO EDUCATIONAL SERVICES THROUGH THE ESTABLISHMENT
AND ADMINISTRATION OF TRANSNATIONAL HIGHER EDUCATION, AND
APPROPRIATING FUNDS THEREFOR**

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 "*Transnational Higher Education Act*".

SEC. 2. Declaration of Policy. — It is hereby declared the policy of the State to provide quality education which is relevant to the changing needs of the people and society. Higher education shall serve as a principal instrument for generating productive knowledge, innovation and technology to develop relevant and technical higher order skills needed to compete in the knowledge economy to redound in, and ensure, resource generation.

The State recognizes that rapid developments brought about by globalization, including liberalization of trade in goods and services and expanding use of information and communication technologies, have created a climate for borderless teaching and learning. In this light, the State shall endeavor to modernize the Philippine higher education sector, and bring international quality standards and expertise into the country, with a view to making higher education globally competitive, attracting a flow of talented students, faculty, and staff and improving the country's human resource base.

The State shall actively encourage, promote, and accelerate the establishment of transnational higher education programs, the internationalization of higher education in the country, and the development of the transnational higher education sector. Further, the State shall strengthen educational, cultural, social, economic, and political bonds between Philippine and foreign institutions of higher learning, thereby fostering a vibrant exchange of cultures, conducive to peaceful living within the global community. It shall develop collaborative arrangements between and among Philippine universities and training institutes, on one hand, and foreign universities, on the other, with the aim of building the capacity of all partner institutions to operate, manage, and administer post-secondary and graduate programs and to provide opportunities for students and learners to gain or acquire valuable experiences, skills and knowledge as well as international and foreign diplomas, degrees, and certificates.

SEC. 3. *Definition of Terms.* — As used in this Act:

- a) Academic franchising — also known as "other instructional side" or "offshore location", refers to a form of transnational higher education (TNHE) whereby a higher education institution (HEI), as a franchiser, from a certain country grants another institution, as a franchisee, in another country the right to provide the franchiser's programs and qualification requirements in the franchisee's host country, regardless of the students' origin;
- b) Academic program - refers to a set of courses of study, which when completed, leads to a degree;
- c) Articulation. — refers to an arrangement whereby students for a sub-degree in one country are guaranteed advanced entry into a degree program in another country if they achieve an agreed level of performance in their studies;
- d) Auxiliary services - refer to services that support the delivery of educational services including promotion procedures and activities, recruitment of students, admission, registration, processing of payments, student orientation, and such other related activities, except teaching and learning activities;
- e) Awarding institution — refers to an offshore BEI that is in partnership with a local HEI provider of TNHE programs and which awards a diploma or certificate of graduation solely or in addition to the diploma or certificate of graduation awarded by the local partner HEI to students who have completed a degree course or program in the partner local HEI;
- f) Branch campus — also known as a local branch or a satellite campus, refers to a campus of an HEI of another country established in the Philippines to offer its own educational programs and to impose qualification requirements, regardless of the students' origin.
- g) Distance education - refers to a mode of educational delivery whereby the teacher and the learner are physically separated from each other, and instruction is delivered through appropriate communication technologies using specially designed materials and methods, and supported by organizational and administrative arrangements and structures;
- h) Double degree - refers to a partnership arrangement or program which leads to two (2) degrees awarded by two (2) institutions;
- i) Education services - refer to any study program, course of study or parts thereof that qualifies and enables students to participate meaningfully in social and economic development;
- j) Foreign higher education institution (FHEI) - refers to a foreign-owned and duly recognized higher education institution abiding by a prescribed system of education duly registered in a country other than the Philippines;

- k) Higher education - refers to any of the various types of education given in post-secondary institutions of learning, and usually affords, at the end of a course of study, a named degree, diploma, or certificate indicating qualifications or skills proficiencies. For purposes of this Act, higher education includes technical and vocational education and training (TVET) institutions such as teacher-training schools, junior colleges, and institutes of technology;
- l) Higher education institutions (HEIs) - refer to public and private post-secondary education institutions, which include universities and colleges, TVET institutions and specialized institutions that provide undergraduate and graduate degree programs in such fields as law, theology, medicine, business, music, and art, among others;
- m) International branch campus — refers to an HEI located in another country, a separate country from the country where the institution originated or where the Main Campus is located. An international branch campus would have some physical presence in the host country; awards at least one degree in the host country that is accredited in the country of the originating institution; and typically have local partner HEIs, as specified in Section 9 of this Act;
- n) Internationalization of higher education - refers to the process of integrating international, intercultural and global dimensions into the goals, functions (teaching, learning, research and services) and delivery of higher education;
- o) Joint degree — refers to a partnership arrangement or program which leads to a single degree awarded by two (2) or more institutions. The program is jointly developed, delivered and jointly assessed;
- p) Offshore- refers to any locality outside of the country where a higher program has its base of operation;
- q) Onshore — refers to the country where a higher education program has its base of operation;
- r) Open distance learning (ODL) - refers to the merger of two (2) concepts, that of open learning and distance education. It is a system which combines the methodology of distance education with the concepts of open learning and flexible learning. Distance instruction may be delivered by post or mobile phone;
- s) Providing institution — refers to an HET which provides TNHE programs in partnership with another HEI located offshore;
- t) Transnational higher education (TNHE) - includes all types and modes of delivery of higher education study programs, sets of courses of study, or educational services, including distance education and study-abroad programs, which involve education systems of a State different from the State where a TNHE provider operates or programs which may operate independently of any national education system or where the learners are located in a country different from the one where the awarding institution is based;



- u) Transnational higher education arrangement - refers to an educational, legal, financial, or other system agreed upon formally by partners in order to provide educational services;
- v) Transnational higher education institutions — refer to higher education institutions, both local (within the country or onshore) and foreign (outside the country or offshore), offering transnational higher education programs;
- w) Twinning arrangement - refers to an arrangement where students study for a degree in two countries, starting in their own and finishing in another, which typically is the country of a partner institution; and
- x) Validation - refers to an arrangement whereby the main HEI agrees to award its own degree to students who complete a program from a partner HEI in another country.

SEC. 4. Strategy for TNHE. — Consistent with the provisions of this Act, the Commission on Higher Education (CHED) shall formulate a coherent national strategy to encourage and facilitate the establishment of the most effective forms of TNHE programs and institutions in the country.

SEC. 5. Establishment of TNHE Programs in HEIs. - TNHE programs shall be established and administered by duly authorized HEIs.

SEC. 6. Types or Modes of TNHE. — TNHE programs and arrangements, whether existing, emerging, or anticipated, shall include the following types or modes:

- a) Academic Franchising, which is a franchise arrangement whereby an HEI (franchiser) from a certain country grants another institution (franchisee), which is the partner HEI, in another country the right to provide the franchiser's programs and qualifications in the franchisee's host country, regardless of the students' origin; The local franchisee must be registered with the Securities and Exchange Commission (SEC) and authorized to deliver educational programs or materials;
- b) Articulation, whereby students for a sub-degree in one country are guaranteed advance entry into a degree program in another country if they achieve an agreed level of performance in their studies;
- c) Branch campus, which refers to a campus of an HEI of another country established in the Philippines to offer its own educational programs and qualifications, regardless of the students' origin;
- d) International branch campus, which refer to an HEI located in another country, a separate country from the country where the institution originated or where the Main Campus is located. An international branch campus would have some physical presence in the host country; awards at least one degree in the host country that is accredited in the country of the originating institution; and typically have local partner HEIs, as specified in Section 9 of this Act;
- e) Joint degree, which refers to a partnership arrangement or program which leads to a single degree awarded by two (2) or more institutions. The program is jointly developed, delivered and jointly assessed;
- f) Double degree, which refers to a partnership arrangement or program which leads to two (2) degrees awarded by two (2) institutions;

- g) Online, blended, and distance learning, which refers to a program delivered across an international border. The delivery medium is typically online, but distance learning can be delivered or conducted by post or mobile phone. The online component of the program can range from zero to one hundred percent (100%). A program, which is partly online and face-to-face, is blended;
- h) Open Distance Learning (ODL), which refers to the merger of two (2) concepts, that of open learning and distance education. It is a system which combines the methodology of distance education with the concepts of open learning and flexible learning. Distance instruction may be delivered by post or mobile phone;
- i) TNHE Offshore institution, which refers to an autonomous institution established in a host country, which in terms of its organization and education contents, belongs to the education system of another country. An institution is deemed autonomous if it is independent of the ministry, commission or department of education in a host country;
- j) Twinning arrangements, which refer to an arrangement where students study for a degree in two countries, starting in their own and finishing in another, which typically is the country of a partner institution; and
- k) Validation, which refers to an arrangement whereby the main HEI agrees to award its own degree to students who complete a program from a partner HEI in another country.

HEIs intending to enter into partnerships or arrangements with other HEIs may explore or propose to the CHED any other mode or arrangement. The CHED, in consultation with other agencies and HEIs, may add other forms or modes of TNHE as it may deem suitable and in furtherance of the objectives of providing quality TNHE programs in the country. These modes or arrangements must be consistent with the Philippine development plans, and not in contravention of the Constitution, and other laws and policies.

SEC. 7. Commercial Presence of Foreign HEIs (FHEIs) in the Philippines. — An FHEI may engage in the business of providing educational services in the Philippines through any of the modes indicated in this Act or through any other arrangement with a Philippine HEI that is consistent with the Philippine Constitution, and other laws and policies, and based on mutually agreed terms.

The FHEIs shall conform to the following minimum standards:

- a) Only FHEIs recognized by their respective governments as quality higher education providers and accredited by a recognized accrediting body in the country of origin or its equivalent, shall be given government authority to offer undergraduate, graduate, and post-graduate degrees;
- b) The FHEIs shall have standards at par with, or higher than, Philippine HEIs in terms of government recognition, faculty strength and curriculum; and
- c) The FHEIs shall have the requisite capabilities and resources for higher education provision, and the ability to provide support services to students.

SEC. 8. Partnerships and Collaborative Arrangements. — FHEIs may enter into other collaborative arrangements with Philippine HEIs, such as twinning arrangements or joint degrees, whereby study programs, or parts of a course or study, or other educational services of the awarding institutions, are provided by another partner institution.

The parties shall conform to the following minimum standards:



- a) The FREI shall seek prior authority from CHED to operate specific educational and auxiliary services and shall comply with the requirements set forth in this law and by CHED policies and regulations. No FHEI shall be allowed to establish its branch or any entity purporting to deliver educational programs without approval of the CHED;
- b) Only Philippine HEIs which are CHED recognized and duly accredited, shall be authorized to conduct and initiate collaborative or twinning programs with FHEIs. The CHED shall determine the level of accreditation which Philippine HEIs are required to acquire in order to be authorized to enter into collaborative arrangements with FHEIs;
- c) Both partners shall draft a memorandum of agreement (MOA) in terms of the programs, duration, evaluation and termination of the agreement, which MOA shall be legally binding to both parties. The CHED shall be consulted in the finalization of the MOA and shall ensure that it complies with all the relevant national laws and the CHED's policies. The CHED shall determine the documentary requirements needed to be submitted by the parties. Any document executed or issued outside the Philippines must first be authenticated with the appropriate Philippine Foreign Service post before submission to the CHED;
- d) The academic quality of the higher education programs involved is at least comparable to the established standards of the local programs, or compliant with established international standards. The critical details of the collaborative arrangements and the procedures concerning the quality of education services provided by TNHE arrangements shall be based on specific and systematic criteria;
- e) The programs must have complied with the required level of accreditation and other quality assurance requirements;
- f) The critical details of the collaborative arrangements are transparent or open to scrutiny by the government and the public; and
- g) Public announcements about collaborative arrangement or any TNHE program must have the proper government authorization.

Philippine HEIs and all providers of educational and auxiliary services who are partners of the FHEI must be registered with the SEC in the case of corporation or partnership or with the Department of Trade and Industry (DTI) in the case of sole proprietorship, for the purpose of providing educational and auxiliary services. All existing entities seeking to expand their services to include TNHE operations must amend their articles of incorporation with the SEC, or register their expansion with the DTI.

SEC. 9. Establishment of Branch Campuses. — FHEIs may establish branch campuses in the Philippines through a local partner, at least sixty percent (60%) of which is owned by Filipino citizens, and duly registered with the SEC or the DTI, as the case may be. The FHEI may maintain its name, offer the education programs through the branch, and award the degree or credit. The local branch shall be managed and administered jointly by the parties, subject to the provisions of the Constitution on control and administration of educational institutions. The local partner shall be accountable for assuring the quality of the programs offered.

The FHEI may also incorporate a Philippine company to operate its branch campus:

Provided, That at least sixty percent (60%) of its voting stocks are reserved for Filipino citizens;

Provided further, That the FHEI shall first secure the approval of the SEC by filing its incorporation papers, together with authenticated copies of its foreign charter and by-laws;

Provided, finally, That the FREI shall be required to post a bond in an amount to be determined by the SEC, to guarantee the fulfillment of future obligations and liabilities.

Foreign citizens may constitute up to eighty percent (80%) of the faculty and academic personnel and up to forty percent (40%) of the administrative personnel and staff members in any of the local branches. However, foreign students may not comprise more than one-third (1/3) of enrolment.

SEC. 10. *Philippine HEIs Operating Offshore.* — Philippine HEIs operating offshore shall conform to the following guidelines:

- a) Only Philippine HEIs with programs recognized by CHED may be given government authority to offer services offshore. Philippine HEIs providing education offshore must preserve the reputation of the Philippines as a provider of quality higher education;
- b) Philippine HEIs operating offshore should abide by the laws, rules, and regulations of the country where it seeks to operate or deliver its educational programs; and
- c) In cases where offshore students are to spend a period of time in the Philippines as part of the course or program requirements, the HEIs shall provide support services as necessary, including information on legal requirements and living arrangements.

SEC. 11. *Programs and Degrees Offered.* — Courses offered by TNHEIs may include undergraduate, graduate, and post-graduate degrees. The CHED, in consultation with stakeholders from the HEIs and appropriate government agencies, may determine the propriety of offering other specialized courses, including Bachelor of Laws and Bachelor of Medicine, by qualified institutions.

Prior to the offering of TNHE courses, all TNHEIs shall submit their curricula to the CHED, which shall review and ensure that such curricula conform to international standards.

The curricula of TNHEs which belong to the top five hundred (500) World's Best Universities based on international ranking acknowledged by CHED are deemed to have met international standards and shall be exempt from complying with CRIED standards: *Provided*, That if the TNHEIs fall out of the top 500 ranking, their subsequent new programs or course offerings shall be reviewed by the CHED to ascertain if these meet international standards.

SEC. 12. *Quality Assurance.* — TNHEIs, which include both the awarding and providing institutions, shall be accountable for quality assurance and control. They shall develop, implement, and review internal quality assurance processes and cooperate with the CHED or other duly recognized local or international audit and accreditation bodies to protect and strengthen the reputation of *bona fide* institutions engaged in TNHE, as well as to protect the

students and other stakeholders from low quality services of institutions with questionable reputation or engaged in malpractice and fraud.

To facilitate the entry of high-ranking universities in the country, TNHEIs belonging to the top five hundred (500) HEIs in the world for three (3) consecutive years based on reputable international ranking acknowledged by the CHED shall be presumed to be compliant with international standards and shall be exempt from the standard quality assurance review by the CRIED or other audit and accreditation bodies: *Provided*, That those that fall out of the top 500 ranking shall be required to undergo quality assurance processes as provided in this Section.

The CHED shall issue the necessary guidelines for the implementation of this Section.

SEC. 13. Benchmarks for Ensuring Quality of TNHE. — In reviewing the performance of TNHEIs, the CHED, or other duly recognized local or international audit and accreditation bodies, may ascribe the respective weights to the following performance indicators:

- a) Curriculum innovation, which pertains to the manner and degree to which the curricula are relevant and adaptable to current and global developments, trends, and values. Curriculum innovation includes the assessment of the conformity of certificates, diplomas and degrees granted by the TNHEIs with internationally accredited programs of reputable international accreditation bodies;
- b) Student diversity, which includes the promotion of a respectful classroom climate under egalitarian norms and principles; encouraging plurality and the contribution of diverse perspectives brought about by differences in race, gender, religion, and culture; use and monitoring of both spoken and written languages in ways that consider implicit assumptions, exclusions, overgeneralizations, stereotypes, and social discrimination;
- c) Research and development, which can be measured in terms of the number and quality of articles and papers published in international journals and other publications used in international fora and conferences;
- d) Graduation and retention rate, which pertains to the number of first-year students who graduate within a given time period in light of course requirements and internationally acceptable best practices;
- e) Job placement and career services, which generally refer to the effectiveness of in-house career services that educate, connect, and advise students and new graduates about opportunities for internships, externships, fellowships, post-graduation employment opportunities, and career advancement. Job placement services include the degree to which the TNFIEI can structurally align its graduates to programs for economics needs, and the human resource requirements of industry to the general employment demands and the specific industry demands in local and foreign markets;
- f) Facilities and infrastructure, which pertain to the extent to which the school's facilities and infrastructure address the needs of the programs in accordance with set standards, as well as provide for the welfare of students and teachers. The

students' experiences on the availability, adequacy, and suitability of facilities and infrastructure shall be assessed through surveys and other appropriate means;

- g) Faculty and faculty diversity, which pertains to the credentials of the faculty in terms of their education, work background and expertise, and involvement in research and other institutions in their field. Greater weight is given to institutions with a higher percentage of full-time faculty holding doctorate or equivalent degrees in their fields. Visiting faculty from other regions, countries, cultures, and backgrounds are encouraged. There should also be a sufficient number of qualified faculty to adhere to internationally-accepted best practice for faculty-to-student ratio;
- h) Alumni leadership and performance, which includes entry-level and mid-career-level income of alumni; for public interest positions, the international reputation of the positions which alumni hold; alumni performance and passing rates in licensure examinations, especially those examinations administered by jurisdictions in major economies outside the Philippines; performance and passing rates in internationally acceptable standardized tests and testing methods by foreign jurisdictions; the extent to which the skill sets of alumni meet legitimate employment demand in domestic and foreign markets; alumni mobility and transferability of one's skill set across jurisdictions or industries;
- i) Alumni participation, which may be measured in terms of donations, endowment building, network building and network database management, alumni-initiated partnerships and linkages, extent and reach of foreign alumni, alumni cohesiveness;
- j) International linkages, which refer to institutional relationships made on the basis of formal or informal agreements, which lead to cooperative action resulting in the accomplishment of shared or specific objectives by the parties involved: *Provided*, That the number of signed agreements alone shall not be sufficient basis for assessing international linkages. The CHED, or other duly recognized local or international audit and accreditation bodies, may identify other bases for assessing performance relevant to international linkages, such as the benefits that accrue or are expected to accrue to TNHEIs as a result of agreements entered into;
- k) Grant and endowment management, which pertains to how effective the TNHEI can build and manage an endowment corpus for purposes of sustaining a system of scholarships and fellowships, such as the sustainability of its endowment, the efficiency of grant compliance measures and grant administration, progressive per capita-endowment ratios, and the degree to which the endowment can fund operating expenses otherwise financed by tuition;
- l) Other criteria analogous to the foregoing.

The following criteria may also be considered: i) environmental sustainability; ii) gender and race sensitivity; iii) social responsibility; iv) housing facilities, both in-house and affiliated housing; v) health facilities and medical services; vi) retirement

facilities; vii) job generation; and other quasi-indicators analogous to the foregoing.

SEC. 14. Creation of a Transnational Higher Education Division. — There is hereby created a Transnational Higher Education Division (TNHED) under the International Affairs Service of the CHED to act on all matters related to TNHE institutions and programs established in the country, whether existing or yet to be established. In the performance of its functions, the TNHED shall coordinate with the Technical Committee for Transnational Education and the Technical Panel for ODL of the CHED.

The functions currently being performed by other offices and divisions of the CHED in relation to TNHE, including those undertaken by the Programs Development Division under the Office of Programs and Standards Development, are hereby transferred to the TNHED.

The TNHED shall have the following functions:

- a) Formulate policies, standards, and guidelines in the operation of TNHE programs;
- b) Formulate strategies and mechanisms for the implementation of TNHE programs in the country;
- c) Accept, evaluate and process all applications of PHEIs and FHEIs for authority to operate any of the types/modes of TNHE, including educational and auxiliary services;
- d) Conduct the review and evaluation of performance of TNHEIs, including visitation and other regulatory activities, for purposes of determining compliance with Philippine laws, rules, policies, and regulations;
- e) Perform such other duties necessary to carry out the purposes of this Act.

SEC. 15. Role of Government Agencies. — Consistent with the policy and objective of encouraging, promoting, and accelerating the establishment of TNHE institutions and programs in the country, all concerned government agencies and LGUs are hereby mandated to establish mechanisms to expedite the processing of the relevant applications, documents, and permits for FHEIs and all other institutions authorized by CHED to establish and operate education and auxiliary services in the country.

- a) The SEC is hereby mandated to establish a mechanism to facilitate and expedite the processing of the applications for registration to operate transnational higher education and/or auxiliary services, as well as registration of partnerships, corporations, or other arrangements established under this Act;
- b) The concerned LGUs are hereby directed to establish a mechanism to facilitate and expedite the processing of business permits for TNHE institutions and partnerships;
- c) The Bureau of Immigration (BI) and the Department of Labor are hereby directed to establish a mechanism to facilitate and expedite the processing of visa and other immigration requirements for foreign faculty, academic personnel, and all staff who work in an institution or study program established through a transnational arrangement; and for students who are enrolled or registered for a course of study or parts of it, in a TNHEI;

- d) The Professional Regulation Commission (PRC) is hereby directed to establish a mechanism to facilitate and expedite the processing of certificate of registration or license and professional identification cards, as required in accordance with Section 7, paragraphs (J) and (L) of Republic Act No. 8981, otherwise known as the "PRC Modernization Act", and related resolutions and issuances, to be issued to foreign faculty who work in an institution or study program established through a transnational arrangement.

Within six (6) months from the effectivity of the Implementing Rules and Regulations of this Act, the foregoing government agencies shall submit a report to Congress as to the status and progress of the respective mechanisms formulated and established under this Section.

SEC. 16. Tax Exemptions. — Pursuant to Section 4, Article XTV of the Constitution, all revenues and assets of non-stock, non-profit TNHEIs which are used actually, directly, and exclusively for educational purposes shall be exempt from taxes and duties.

All grants, bequest, endowments, donations and contributions made to the TNHEI to be used actually, directly and exclusively by the TNHEI shall be exempt from donor's tax and the same shall be allowed 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 (NIRC), as amended.

Further, in accordance with Section 28, Article VI of the Constitution, all lands, buildings, and improvements, actually, directly, and exclusively used by a TNHEI for educational purposes shall be exempt from taxation.

All non-stock, non-profit TNHEIs shall also be entitled to all tax incentives granted to such entities in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

SEC. 17. Proprietary TNHE Institutions. — All TNHEIs which do not satisfy the definition of "non-stock, non-profit educational institutions" as defined by the NIRC are deemed, for purposes of this Act, to be proprietary educational institutions. All proprietary educational institutions shall be subject to the taxes, exemptions, and other duties and privileges under the NIRC, specifically Section 27, Title II, Ch. IV thereof, and BIR Implementing Rules and Regulations.

To the extent applicable, TNHEIs shall enjoy the same benefits, tax credits and incentives provided for in existing laws including those provided under Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987", and Republic Act 7844, otherwise known as the "Export Development Act of 1994".

SEC. 18. Repatriation of Capital and Remittance of Dividends, Profits and Earnings 18 from Foreign Investments. — Repatriation of capital and remittance of dividends, profits and earnings arising from foreign investments in TNHEIs may be done, using foreign exchange sourced from authorized agent banks (AAB) or AAB-subsidary or affiliate foreign exchange corporations;

Provided, That such foreign investments have been previously registered with the Bangko Sentral Ng Pilipinas (BSP). For this purpose, the BSP rules and regulations governing registration of foreign investments shall be complied with.

SEC. 19. Labor and Management Relations. — Labor and management relations in all TNHEIs shall be governed by existing labor laws. Employees and personnel of TNHEIs shall enjoy working conditions not less than those provided under Presidential Decree 442, or the Labor Code of the Philippines, as amended, and other relevant laws, issuances, rules and regulations of the Philippine government and the Department of Labor and Employment.

SEC. 20. Termination of Partnership or Closure of Program. — In the event of termination of a partnership, or the phase out or closure of a program, institutions engaged in TNHE shall ensure that commitments made to enrolled students are met, including offering students suitable alternative pathways for completing the program to which they have been accepted.

The assets of the closed enterprise can be transferred and the funds can be remitted out of the country in accordance with the applicable laws, rules and regulations of the Philippines.

SEC. 21. Continuing Research. - The CHED shall conduct continuing research and development on the improvement of transnational higher education and the internationalization of higher education, for the purpose of enhancing knowledge creation and revenue generation.

SEC. 22. Appropriations. — The amount necessary to carry out the provisions of this Act shall be charged against the current year's appropriation of the CHED. Thereafter, the amount necessary for the continued implementation of this Act shall be included in the Annual General Appropriations Act. The operating requirements of the Transnational Higher Education Division under the International Affairs Staff of the CHED shall be included in the budget of the CHED in the Annual General Appropriations Act.

SEC. 23. Implementing Rules and Regulations. — Within ninety (90) days from the effectivity of this Act, the Chairperson of CHED, with technical support of the Technical Committee for Transnational Education and the Technical Panel for Distance Education, and in consultation with the TESDA, PRC, BI, SEC, Board of Investments, and other stakeholders and relevant government agencies, shall issue the implementing rules and regulations of this Act. Such rules and regulations shall take effect fifteen (15) days after its publication in a newspaper of general circulation in the Philippines.

SEC. 24. Separability Clause — If any provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected shall remain in full force and effect.

SEC. 25. Repealing Clause. — All laws, acts, presidential decrees, executive orders, proclamations or administrative regulations which are inconsistent with the provisions of this Act, are hereby amended, modified, superseded or repealed accordingly.

SEC. 26. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved.