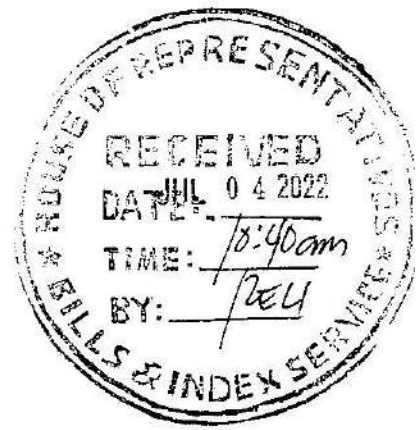




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1038



Introduced by **Representative FRANCISCO JOSE F. MATUGAS II**

EXPLANATORY NOTE

**AN ACT CREATING THE DEPARTMENT OF TECHNICAL EDUCATION
AND SKILLS DEVELOPMENT ("DTESD"), DEFINING ITS MANDATE,
POWERS AND FUNCTIONS, REPEALING FOR THE PURPOSE REPUBLIC
ACT NO. 7796, OTHERWISE KNOWN AS THE "TESDA ACT OF 1994" AND
APPROPRIATING FUNDS THEREFOR**

Republic Act No. 7796 or the "TESDA Act of 1994", approved on August 25, 1994, paved the way for the creation of the Technical Education and Skills Development Authority ("TESDA"). Section 2 of the law specifically mandated TESDA to carry out the government's efforts in providing relevant, accessible, high quality and efficient technical education and skills development in support of the development of high-quality Filipino middle-level manpower responsive to the country's development goals and priorities.

By virtue of said law, the former National Manpower and Youth Council ("NMYC"), the Bureau of Technical Vocational Education of the then Department of Education, Culture and Sports ("BTVE-DECS") and the apprenticeship program of the Department of Labor and Employment ("DOLE") were integrated into TESDA. The merger of these entities was based on the recommendation of the Congressional Commission on Education ("EDCOM") that had undertaken a nationwide review of the state of the Philippine education and training system in 1991.

Twenty-five (25) years hence, TESDA has become the leading authority in ensuring that technical education and skills development ("TESD") is relevant, efficient, accessible, and of high quality. However, the agency has been facing enormous challenges due to changes in the local and global environment. There are limitations to what TESDA can do which can be addressed if it will be elevated into a line Department of the government. TESDA must address the need for modern facilities and equipment in order to be at par with the requirements of the challenge posed by the Fourth Industrial Revolution and other advancements that may happen in the future. It must also be bestowed with police powers to impose sanctions and penalties to erring TESD implementers.

This Bill seeks to repeal R.A. 7796 and to strengthen the powers and organizational functions of TESDA by elevating it into a department. The proposed Department shall be the primary policy formulation, planning, coordinating, implementing, regulating, and administrative entity of government for technical education and training and certification policies, plans and programs. It shall be headed by a Secretary, four (4) Undersecretaries and four (4) Assistant Secretaries.

The functions of the new Department will be carried out by the various bureaus, service offices, and Regional, Provincial and District Offices. Implementation of direct training programs will be done by the technology institutions.

With the proposed legislative measure, TESDA will be strengthened as an implementing and regulatory institution of the Technical and Vocational Sector of the country's trifocal education system. The agency will have better capacity to fulfill its vision as the transformational leader in the technical education and skills development of the Filipino workforce.

The immediate passage of this bill is earnestly sought.


FRANCISCO JOSE F. MATUGAS II
Surigao del Norte, First District
(*Siargao Island*)



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1036

Introduced by **Representative FRANCISCO JOSE F. MATUGAS II**

**AN ACT CREATING THE DEPARTMENT OF TECHNICAL EDUCATION
AND SKILLS DEVELOPMENT ("DTESD"), DEFINING ITS MANDATE,
POWERS AND FUNCTIONS, REPEALING FOR THE PURPOSE REPUBLIC
ACT NO. 7796, OTHERWISE KNOWN AS THE "TESDA ACT OF 1994" AND
APPROPRIATING FUNDS THEREFOR**

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

1 SECTION 1. *Short Title.* - This Act shall be known as the "Department of
2 Technical Education and Skills Development (DTESD) Act."

3 SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to
4 provide relevant, accessible, high quality and efficient technical education and skills
5 development in support of the development of high-quality Filipino manpower
6 responsive to and in accordance with Philippine development goals and priorities.

7 The State shall encourage active participation of various concerned sectors,
8 public as well as private technical-vocational institutions ("TVIs"), particularly
9 private enterprises, being direct participants in and immediate beneficiaries of a
10 technically educated and trained workforce, in providing technical education
11 services and training opportunities.

12 SEC. 3. *Objectives.* - The objectives of this Act are:

13 (a) Promote and strengthen the quality of technical education and skills
14 development programs to attain global competitiveness and inclusive growth;

15 (b) Focus technical education and skills development on meeting the
16 changing demands for quality manpower particularly in support of the development

1 thrust of the country; (c) Encourage critical and creative thinking by disseminating
2 the scientific and technical knowledge base of manpower development programs;

3 (d) Recognize and encourage the complementary roles of public and
4 private institutions, enterprises, local government units ("LGUs") and Civil Society
5 Organizations ("CSOs") in technical education and skills development;

6 (e) Develop the capacities of stakeholders to participate in the planning
7 and delivery of quality technical education and skills development systems;

8 (f) Inculcate desirable values through the development of moral character
9 with emphasis on work ethics, self-discipline, self-reliance and nationalism;

10 (g) Strongly support the implementation of the Philippine Qualification
11 Framework Act (R.A. 10968), the Ladderized Education Program (R.A. 10647), the
12 Dual Training System (R.A. 7686), and other laws, decrees and orders on education;

13 (h) Maximize returns to the country's investment in technical education
14 and skills development through an efficient graduates' employment facilitation
15 program within the framework of the national employment service network system;
16 and

17 (i) Help in the poverty alleviation efforts by providing the marginalized
18 and vulnerable segments of the country's population access to income generating
19 technical education and skills development opportunities.

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

21 (a) **Apprenticeship** refers to the training within employment with
22 compulsory related theoretical instruction involving a contract between an
23 apprentice and an employer on an approved apprenticeable occupation;

24 (b) **Apprentice** refers to a person undergoing training for an approved
25 apprenticeable occupation during an apprenticeship agreement;

26 (c) **Apprenticeship Agreement** refers to a contract wherein a prospective
27 employer binds himself to train the apprentice who in turn accepts the terms of
28 training for a recognized apprenticeable occupation emphasizing the rights, duties
29 and responsibilities of each party;

30 (d) **Apprenticeable Occupation** refers to an occupation officially
31 endorsed by a tripartite body and approved for apprenticeship by the DTESD
32 created in this Act;

1 (e) **Dual Training System** refers to an instructional delivery system of
2 technical and vocational education and training that combines in-plant training and
3 in-school training based on a training plan collaboratively designed and
4 implemented by an accredited dual system educational institution or training center
5 and accredited dual system agricultural, industrial and business establishments
6 with prior notice and advice to the local government unit concerned. Under this
7 system, said establishments and the educational institution share the responsibility
8 of providing the trainee with the best possible job qualifications, the former
9 essentially through practical training and the latter by securing an adequate level of
10 specific, general and occupation-related theoretical instruction. The word "dual"
11 refers to the two parties providing instruction: the concept "system" means that the
12 two instructing parties do not operate independently of one another, but rather
13 coordinate their efforts.

14 (f) **Ladderized education** refers to the harmonization of all education
15 and training mechanisms that allow students and workers to progress between
16 technical-vocational and higher education programs, or vice-versa. It opens
17 opportunities for career and educational advancement to students and workers. It
18 creates a seamless and borderless education and training system that will allow
19 transfers in terms of flexible entry and exit between technical-vocational and higher
20 education programs in the post-secondary school educational system;

21 (g) **Leading Technology Center** refers to a center that provide high
22 quality and efficient technical education, training and certification in support of the
23 development of high-quality Filipino manpower responsive to, and in accordance
24 with, Philippine development goals and priorities;

25 (h) **Learner** refers to a person hired as a trainee in semi-skilled and other
26 industrial occupations which are non-apprenticeable. Learnership programs must
27 be approved by the DTESD created under this Act;

28 (i) **Levy Grant System** refers to a legal contribution from participating
29 employers who would be beneficiaries of the program (often as a percentage of the
30 payroll) which is subsequently turned over or rebated to enterprises offering
31 employee training programs;

32 (j) **Middle-Level Manpower** refers to those: (a) who have acquired
33 practical skills and knowledge through formal or non-formal education and training

equivalent to at least a secondary education but preferably at post-secondary education with a corresponding degree or diploma; or (b) skilled workers who have become highly competent in their trade or craft as attested by industry;

(k) ***Philippine Qualifications Framework (PQF)*** refers to the national policy which describes the levels of educational qualifications and sets the standards for qualifications outcomes. It is a quality assured national system for the development, recognition and award of qualifications based on standards of knowledge, skills, and values acquired in different ways and methods by learners and workers of a certain country;

(l) ***Private Enterprise*** refers to an economic system under which property of all kinds can be privately owned and in which individuals, alone or in association with another, can embark on a business activity. This includes industrial, agricultural, or agro-industrial establishments engaged in the production, manufacturing, processing, repacking or assembly of goods including service-oriented enterprises;

(m) ***Skill*** refers to the acquired and practiced ability to carry out a task or job;

(n) ***Skills Development*** refers to the process through which learners and workers are systematically provided with learning opportunities to acquire or upgrade, or both, their ability, knowledge and behavior pattern required as qualifications for a job or range of jobs in a given occupational area;

(o) ***Technical Education*** refers to the education process designed at upper secondary and lower tertiary levels, aligned with the levels of the PQF, with the pathways to higher education through the credit transfer system based on learning outcomes aimed at preparing technicians, technologists, para-professionals, and other categories of workers and/or entrepreneurs by providing them with a broad range of general education, theoretical, scientific and technological studies, and related job skills training;

(p) ***Trade*** refers to any group of interrelated jobs or any occupation which is traditionally or officially recognized as craft or artisan in nature requiring specific qualifications that can be acquired through work experience and/or training;

(q) **Trainee** refers to persons who are participants in a vocational, administrative or technical training program for the purpose of acquiring and developing job-related skills;

(r) **Trainer** refers to persons who direct the practice of skills towards immediate improvement in some task;

(s) **Training** refers to teaching or developing oneself or others, any skills and knowledge that relate to specific useful competencies;

(t) **Trainer's training** refers to training trainers aimed at developing the latter's capacities for imparting attitudes, knowledge, skills and behavior patterns required for specific jobs, tasks, occupations or group of related occupations; and

(u) **"User-Led" or "Market-Driven Strategy"** refers to a strategy which promotes strengthened linkages between educational or training institutions and industry to ensure that appropriate skills and knowledge are provided by the educational system.

SEC. 4. *Creation and Mandate of the Department of Technical Education and Skills Development.* - There is hereby created a Department of Technical Education and Skills Development, hereinafter referred to as DTESD.

The DTESD shall be the primary policy formulation, planning, coordinating, implementing, regulating and administrative entity of the Government for technical education and skills development.

SEC. 5. *Powers and Functions.* - The DTESD shall have the following powers and functions:

(a) Formulate and recommend national policies and guidelines and conduct in-depth studies on all policy areas and options that will promote technical education and skills development in consultation with the relevant stakeholders;

(b) Assess, review, harmonize and coordinate all technical education and skills development policies and programs to ensure overall consistency and implementation of national policies;

(c) Organize and constitute various standing committees, subsidiary groups, or technical working groups for efficient integration, coordination and monitoring of technical education and skills development programs at the national, regional, and local levels;

(d) Enter into, make, execute, perform and carry-out domestic and foreign contracts subject to existing laws, rules and regulations;

(e) Restructure the entire sub-sector consisting of all institutions and programs involved in the promotion and development of middle-level manpower through upgrading, merger and/or phase-out following a user-led strategy;

(f) Approve training standards and assessment packages as established and conducted by private industries;

(g) Establish and administer a system of accreditation of both public and private institutions;

(h) Establish, develop and support institutions trainers' training and/or programs;

(i) Exact reasonable fees and charges for such assessment and trainings conducted and retain such earnings for its own use, subject to guidelines promulgated by the DTESD;

(j) Allocate resources for the programs and projects it shall undertake pursuant to the approved National Technical Education and Skills Development Plan (NTESDP);

(k) Determine and approve systematic funding schemes such as the Levy and Grant scheme for technical education and skills development purposes;

(l) Create, when deemed necessary, an Advisory Committee which shall provide expert and technical advice to the Secretary to be chosen from the academe and the private sector. *Provided*, That in case the Advisory Committee is created, the DTESD is hereby authorized to set aside a portion of its appropriations for its operations;

(m) To review and recommend action to concerned authorities on proposed technical assistance programs and grants-in-aid for technical education and skills development, including those which may be entered into between the Government of the Philippines and other nations, including international and foreign organizations, both here and abroad;

(n) Promulgate rules and regulations for the implementation of its policies and related laws; and

(o) To perform such other functions as maybe needed to achieve its goals and objectives to the fullest and as may be provided by this Act.

1 SEC. 6. *Composition.* - The DTESD shall be composed of the Office of the
2 Secretary, and the various bureaus, services, regional and provincial or district
3 offices. The Office of the Secretary shall house the Office of the DTESD Secretary,
4 the Offices of the Undersecretaries, the Offices of the Assistant Secretaries, and
5 their immediate support staff.

6 SEC. 7. *Powers and Functions of the Secretary.* - The Secretary shall have the
7 following functions:

8 (a) Provide executive direction and supervision over the entire operations
9 of the DTESD;

10 (b) Organize the DTESD for the efficient and effective performance of its
11 functions to achieve the objectives and mandate of this Act;

12 (c) Represent and effectively advocate technical education and skills
13 development (TESD) concerns in national and international bodies;

14 (d) Establish TESP policies and standards for the effective, efficient and
15 economical operation of the DTESD, in accordance with the programs of the
16 government;

17 (e) Mobilize resources and ensure prudent utilization of and access to
18 TESP investments and incentives according to national development plans and
19 priorities;

20 (f) Designate and appoint officers and employees of the DTESD, excluding
21 the Undersecretary, Assistant Secretary, and Regional Directors, in accordance with
22 the Civil Service Laws, rules and regulations;

23 (g) Undertake consultations with other members of the Cabinet and
24 officers of the government relating to TESP concerns;

25 (h) Advise the President on the promulgation of executive and
26 administrative orders and formulation of regulatory and legislative proposals on
27 matters pertaining to TESP;

28 (i) Promulgate rules, regulations and other issuances in carrying out the
29 DTESD's mandate, objectives, policies, plans, programs and projects;

30 (j) Direct and manage the implementation of DTESD's programs and
31 services; and

32 (k) Perform such other functions as may be authorized.

1 SEC. 8. *Undersecretaries and Assistant Secretaries.* - The Secretary shall be
2 assisted by four (4) Undersecretaries and four (4) Assistant Secretaries who shall be
3 appointed by the President upon recommendation of the Secretary: *Provided, That*
4 the two (2) Undersecretaries and the two (2) Assistant Secretaries shall be career
5 officers.

6 The Undersecretaries and Assistant Secretaries shall assist the Secretary in
7 the performance of his powers and functions to achieve the objectives of this Act.
8 The Undersecretaries and Assistant Secretaries shall be given specific areas of
9 responsibility.

10 SEC. 9. *Qualifications and Appointments.* - The person appointed as
11 Secretary, Undersecretary, or Assistant Secretary of the DTESD must be a citizen
12 and a resident of the Philippines, of good moral character, of proven integrity, and
13 with at least five (5) years relevant experience.

14 SEC. 10. *Bureaus, Services, and Personnel.* - The bureaus under the Office of
15 the Secretary of DTESD shall be headed by an Executive Director to be appointed
16 by the President upon the recommendation of the Secretary. The Executive
17 Directors shall have the rank and emoluments of Director IV.

18 SEC. 11. *Regional Offices.* - There shall be established, a Regional Office in
19 each region of the country to be headed by a Regional Director with the rank and
20 emoluments of Director IV and appointed by the President. The Regional Office
21 shall have the following functions:

22 (a) Direct implementation of TESD programs, projects and related
23 activities in the region;

24 (b) Develop and recommend TESD programs for local level
25 implementation within set policies;

26 (c) Deploy policies to stakeholders;

27 (d) Manage TESD resources in the region;

28 (e) Plan and implement policy inputs;

29 (f) Monitor and evaluate program implementation; and

30 (g) Perform such other functions as may be authorized.

31 SEC. 12. *The Provincial or District Offices* - The Provincial or District Office
32 shall be headed by a Provincial or District Director who shall have the rank and

1 emoluments of a Director III. The Provincial or District Office shall have the
2 following functions:

3 (a) Serve as secretariat to the Provincial Technical Education and Skills
4 Development Committee;

5 (b) Provide technical assistance to the local government units for effective
6 supervision, coordination and integration of all technical education and training
7 programs within their localities;

8 (c) Review and recommend priority technical education and training
9 programs within their localities; and

10 (d) Perform such other functions as may be authorized.

11 SEC. 13. *Technical Education and Training Centers.* - The DTESD shall
12 absorb and enhance existing Technical Education and Training Centers; and
13 establish a network of national, regional and local TESD centers for the purpose of
14 promoting TESD. This network shall include leading training technology centers,
15 training centers in vocational and technical schools, technical institutes, polytechnic
16 colleges, and all other duly accredited public and private dual system educational
17 institutions. The TESD centers shall be administered and operated under such rules
18 and regulations as may be established by the DTESD in accordance with the
19 NTESDP.

20 These centers and schools shall have the following functions:

21 (a) Provide responsive formal and non-formal TESD programs;

22 (b) Conduct applied research and development programs and provide
23 extension services in coordination with Regional Offices (ROs) or Provincial Offices
24 (POs);

25 (c) Undertake entrepreneurship development program;

26 (d) Conduct outreach programs in coordination with ROs/POs;

27 (e) Provide job linkages;

28 (f) Provide assessment and certification;

29 (g) Devise mechanisms for sustainable operation and development;

30 (h) Monitor and evaluate program implementation; and

31 (i) Perform such other functions as may be authorized.

32 SEC. 14. *Structure and Staffing Pattern.* - Subject to the approval of the DBM,
33 the DTESD, through the Secretary, shall determine its organizational structure,

1 staffing pattern, qualification standards, and placement of personnel. Personnel in
2 the DTESD shall be appointed in accordance with civil service laws, rules, and
3 regulations.

4 SEC. 15. *Compliance with the Salary Standardization Law.* - The
5 compensation and emoluments of the officials and employees of the DTESD shall be
6 in accordance with the salary standardization law and other applicable laws under
7 the national compensation and classification plan.

8 SEC. 16. *Consultants and Technical Assistance, Publication and Research.* -
9 In pursuit of its objectives, the DTESD is hereby authorized to set aside a portion of
10 its appropriations for the hiring of services of qualified consultants and private
11 organizations for research work and publication in the field of technical education
12 and training. It shall avail itself of the services of other agencies of the Government
13 as may be required.

14 SEC. 17. *Formulation of a Comprehensive Development Plan for Middle Level*
15 *Manpower.* - The DTESD shall formulate a comprehensive development plan for
16 middle level manpower based on a national employment plan or policy for the
17 optimum allocation, development and utilization of skilled workers for employment,
18 entrepreneurship, and technology development for economic and social growth. This
19 plan shall be updated periodically and submitted to the President of the Philippines
20 for approval. Thereafter, it shall be the plan for the technical education, training,
21 and certification for the entire country within the framework of the National
22 Development Plan. The DTESD shall, through its offices, call on public agencies, the
23 private sector and academe to assist in this effort. The comprehensive plan shall
24 provide for a reformed industry-based training program including apprenticeship,
25 dual training system, and other similar schemes intended to:

- 26 (a) Promote maximum protection and welfare of the worker-trainee;
27 (b) Improve the quality, relevance and social accountability of technical
28 education and training;
29 (c) Accelerate the employment generation effort of the government; and
30 (d) Expand the range of opportunities for upward social mobility of the
31 school going population beyond the traditional higher levels of formal education. All
32 government and non-government agencies receiving financial and technical
33 assistance from the government shall be required to formulate their respective

1 annual agency technical education and training plan. The budget to support such
2 plan shall be subject to review and endorsement by the DTESD to the DBM. The
3 DTESD shall evaluate the efficiency and effectiveness of agencies skills
4 development program and schemes to make them conform to the quantitative and
5 qualitative objectives of the NTESDP.

6 SEC. 18. *Technical Education and Skills Development Committees.* - The
7 DTESD shall establish Technical Education and Skills Development Committees at
8 the regional and local levels to coordinate and monitor the delivery of all training
9 activities by the public and private sectors, and recommend policies, programs and
10 projects. This committee shall likewise serve as the Technical Education and Skills
11 Development Committees of the regional and local development councils. The
12 composition of the Technical Education and Skills Development Committees shall
13 be determined by the Secretary.

14 SEC. 19. *Enterprise-Based Training Program.* - The DTESD shall promote
15 Enterprise-Based Training as a major mode of training rather than an employment
16 arrangement and shall see to it that it is not subject to abuse by unscrupulous
17 entities.

18 SEC. 20. *Establishment and Administration of National Training Standards.*
19 - There shall be national training standards to be established by DTESD-accredited
20 industry committees. The DTESD shall develop and implement a certification and
21 accreditation program in which private industry groups and trade associations are
22 accredited to conduct approved assessment packages, and the local government
23 units to promote such assessment in their respective areas in accordance with the
24 guidelines set by the DTESD.

25 The Secretary shall determine the occupational trades for mandatory
26 certification. All certificates relating to the national training standards and
27 certification system shall be issued by the DTESD through its Regional and
28 Provincial Offices.

29 In consonance with the Philippine Qualifications Framework (PQF), the
30 DTESD shall closely collaborate with the Professional Regulation Commission
31 ("PRC") with regard to the assessment of technicians, master craftsmen and
32 technologists.

1 SEC. 21. *Administration of Training Programs.* - The DTESD shall design
2 and administer training programs and schemes that will develop the capabilities of
3 public and private institutions to provide quality and cost-effective technical
4 education and skills development and related opportunities. Such training programs
5 and schemes shall include teachers'/trainers' training in occupational trades and
6 related fields of employment, and value development as an integral component of all
7 technical education and training programs.

8 SEC. 22. *Assistance of Employers and Organizations.* - The DTESD shall
9 assist any employer or organization engaged in technical education and training
10 schemes design to attain its objectives under rules and regulations established by
11 the DTESD for this purpose.

12 SEC. 23. *Accreditation and Regulation of Technical Education and Skills*
13 *Development Programs.* - All technical education and skills development programs
14 shall be duly accredited by the DTESD before it is offered to the public by any public,
15 private entity or non-government organization.

16 Non-compliance with the accreditation requirements of the DTESD shall
17 form part of the bases for the possible suspension or cancellation of the entity's
18 license to operate issued by competent authorities.

19 SEC. 24. *Coordination of All Technical Education and Skills Development*
20 *Schemes.* - In order to integrate the national technical education and skills
21 development efforts, all technical education and skills development schemes as
22 provided for in this Act shall comply with national standards as determined by the
23 DTESD particularly those having to do with competency standards. For this
24 purpose, existing TESD programs in the Government and in the private sector,
25 specifically those wholly or partly financed with government funds, shall be
26 reported to the DTESD which shall assess and evaluate such programs to ensure
27 their efficiency and effectiveness.

28 Noncompliance with the above-mentioned standards, as well as reportorial
29 requirements, shall be disqualified from any form of government assistance in the
30 field of technical education and skills development.

31 SEC. 25. *Enterprise-Based Partnerships and Linkages.* - The DTESD shall
32 establish effective and efficient institutional arrangements with industry bodies and
33 such other organizations or associations to ensure direct participation of employers

1 and workers in the design and implementation of technical education and skills
2 development schemes, competency standardization and certification and such other
3 functions in the fulfilment of the DTESD's objectives.

4 SEC. 26. *Inclusive Training Opportunities.* - The DTESD shall likewise
5 design and implement a delivery system for community based TESD opportunities
6 for the marginalized and disadvantaged sectors of the population, providing them
7 with new tools of wealth creation and with the capability to take on higher value-
8 added gainful activities and to share equitably in productivity gains eventually
9 leading to poverty alleviation and reduction.

10 SEC. 27. *Skills Competitions.* - To promote quality technical education and
11 skills development in the country and with the view of participating in international
12 skills competitions, the DTESD, with the active participation of private industries,
13 shall organize and conduct annual Skills competitions.

14 The DTESD shall promulgate the necessary rules and guidelines for the
15 effective and efficient conduct of National Skills competitions and for the country's
16 participation in international Skills competitions such as ASEAN and World Skills
17 Olympics.

18 SEC. 28. *The TESD Development Fund.* - A Technical Education and Skills
19 Development Fund is hereby established, to be managed and administered by the
20 DTESD, the income of which shall be utilized exclusively in awarding of grants and
21 providing assistance to training institutions, industries, local government units for
22 upgrading their capabilities and to develop and implement training and training-
23 related activities.

24 The contribution to the fund shall be the following:

25 (a) A one-time lump sum appropriation from the National Government;

26 (b) An annual contribution from the Overseas Workers Welfare
27 Administration Fund, the amount of which shall be determined by the Overseas
28 Workers Welfare Administration and based on the study on financing capacity of
29 the OWWA fund;

30 (c) Donations, grants, endowments, and other bequests or gifts, and any
31 other income generated by the DTESD.

1 The Secretary shall be the administrator of the fund, and as such, shall
2 formulate the necessary implementing guidelines for the management of the fund,
3 subject to the following:

4 (a) Unless otherwise stipulated by the private donor, only earnings of
5 private contributions shall be used; and

6 (b) No part of the seed capital of the fund, including earnings thereof, shall
7 be used to underwrite expenses for the administration of the Fund.

8 The Secretary shall appoint a reputable government-accredited investment
9 institution as fund manager, subject to existing government rules and regulations.

10 SEC. 29. *Technical Assistance, Incentives and Scholarship Grants.* - The
11 DTESD shall adopt a system of providing technical assistance, incentives and
12 scholarship grants which shall be designed to encourage public and private sector
13 and clientele participation in technical education and training activities along the
14 priorities identified by the National Development Plan.

15 SEC. 30. *Placement Centers.* - There shall be established a network of
16 placement centers or PLACERS in all the Provincial or District Offices to cater
17 specifically to the job placement of graduates of TESD institutions. These Centers
18 shall be financed and administered by the DTESD. In coordination with the
19 Department of Labor and Employment (DOLE), these centers shall be part of the
20 National Employment Service Network of the DOLE.

21 SEC. 31. *Separation and Retirement from Service.* - Employees who are
22 separated from service within six (6) months from the effectivity of this Act, as a
23 result of the abolition of TESDA or reorganization under the provisions of this Act,
24 shall receive separation benefits to which they may be entitled under existing laws,
25 orders and issuances: *Provided*, That those who are qualified to retire under
26 existing retirement laws shall be allowed to retire and receive retirement benefits to
27 which they may be entitled under applicable laws, orders and issuances.

28 SEC. 32. *Transitory Provision.* - The Technical Education and Skills
29 Development Authority (TESDA) created under Republic Act No. 7796 is hereby
30 abolished and all personnel and resources therein shall be transferred to the
31 DTESD.

32 The TESDA Board created under Section 6 and 7 of R.A. 7796 is likewise
33 abolished.

1 The TESDA Secretariat created under Sections 10-15 of R.A. 7796 shall
2 comprise the initial manpower complement of the DTESD, *Provided*, That, no
3 employee shall be terminated by virtue of this transfer.

4 The laws and rules on government reorganization as provided under Republic
5 Act No. 6656, otherwise known as the Reorganization Law, shall govern the transfer
6 and reorganization process of the DTESD.

7 The personnel of the TESDA shall, in a holdover capacity, continue to
8 perform their respective duties and responsibilities and receive their corresponding
9 salaries and benefits until such time when the organizational structure pattern of
10 the DTESD shall have been approved. *Provided*, That the preparation and approval
11 of the said new organizational structure and staffing pattern shall, as far as
12 practicable, respect and ensure the security of tenure and seniority rights of affected
13 government employees. Those personnel whose positions are not included in the
14 new staffing pattern or who are not reappointed or who choose to be separated as a
15 result of the reorganization shall be paid their separation or retirement benefits
16 under existing laws.

17 SEC. 33. *Appropriations.* - The amount needed for the initial implementation
18 of this Act shall be taken from the current fiscal year's appropriation of TESDA.
19 Thereafter, the amount needed for the operation and maintenance of the DTESD
20 shall be included in the General Appropriations Act.

21 SEC. 34. *Implementing Rules and Regulations.* - The DTESD shall issue,
22 within a period of ninety (90) days after the effectivity of this Act, the rules and
23 regulations for the effective implementation of this Act.

24 SEC. 35. *Separability Clause.* - If, for any reason, any portion or provision of
25 this Act shall be held unconstitutional or invalid, the remaining provisions not
26 affected thereby shall continue to be in full force and effect.

27 SEC. 36. *Repealing Clause.* - All laws, decrees, executive orders, rules and
28 regulations, issuances of parts thereof inconsistent with the provisions of this Act
29 are hereby repealed or modified accordingly.

30 SEC. 37. *Effectivity.* - This Act shall take effect fifteen (15) days after its
31 publication in the Official Gazette or in a newspaper of general circulation.

32 *Approved,*