

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



20th Congress
First Regular Session

HOUSE BILL NO. 2666

Introduced by Rep. Maria Vanessa C. Aumentado

EXPLANATORY NOTE

Sections 10 and 11 of the Philippine Constitution recognizes that science and technology are essential for national development and progress. The State shall give priority to research and development, invention, innovation, and their utilization; and to science and technology education, training, and services. It shall support indigenous, appropriate, and self-reliant scientific and technological capabilities, and their application to the country's productive systems and national life. Towards this end, Congress is empowered by the Constitution to provide incentives, including tax deductions, to encourage private participation in programs of basic and applied scientific research, and other incentives such as scholarships, grants-in-aid, and others to deserving science students, researchers, scientists, inventors, technologists, and specially gifted citizens.

Building an innovative society that is responsive to the present and future needs of the nation. In today's world, while technology can be imported, innovation has to be home grown, requiring multidisciplinary approach and intensive cultivation of talent.

The country requires an institution that will take lead and coordinate the nation's science and technology and research and Development programs within the framework and setting of a higher education institution – one that will focus on applied science, Science Technology, Engineering and Mathematics (STEM) education, extension services, and related public policy initiatives as its primary functions.

Thus, the establishment of the **PHILIPPINE SCIENCE INSTITUTE (PSI)** as an attached agency of the Department of Science and Technology (DOST) is envisioned for such a role. The institute will be modeled after renowned research institutions such as the Massachusetts Institute of Technology (MIT), Caltech, Indian Institute of Technology (IIT), Nanyang Technological University and others.

In view of this, Approval of this measure is earnestly sought.



MARIA VANESSA C. AUMENTADO

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AN ACT
ESTABLISHING THE PHILIPPINE SCIENCE INSTITUTE UNDER THE SUPERVISION
OF THE DEPARTMENT OF SCIENCE AND TECHNOLOGY
AND APPROPRIATING FUNDS THEREFOR

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

Section 1. *Short Title.* There is hereby established a research-based degree granting institute to be known as the "*Philippine Science Institute (PSI)*", an attached agency of the Department of Science and Technology (DOST).

Section 2. *Declaration of Policy.* Sections 10 and 11 of the Philippine Constitution recognizes that Science and technology are essential for national development and progress. The State shall give priority to research and development, invention, innovation, and their utilization; and to science and technology education, training, and services. It shall support indigenous, appropriate, and self-reliant scientific and technological capabilities, and their application to the country's productive systems and national life. Towards this end, Congress is empowered by the constitution to provide incentives, including tax deductions, to encourage private participation in programs of basic and applied scientific research, and other incentives such as scholarships, grants-in-aid, and others to deserving science students, researchers, scientists, inventors, technologists, and specially gifted citizens.

Section 3. Objectives. In implementing the foregoing policy, the State shall pursue the following objectives.

- a) Promote Research and Development(R&D) in Science, Technology, Engineering and Mathematics (STEM) as a tool for national development;
- b) Facilitate the creation of critical mass for research and development professionals in the country to aid its socio-economic transformation;
- c) Establish a science institute that will assume a leadership role in tertiary level STEM education specializing in Applied Science Research and Development;
- d) Offer scholarships to deserving and gifted Filipino scholars with high aptitude for STEM and R&D Careers/ courses;
- e) Create a pathway for students to earn degrees in STEM R&D.
- f) Provide a campus patterned after international science institutions with world-class facilities, environment for research, and sufficient land and space for housing of students faculty and visiting international scientists.
- g) Establish international collaboration for the holistic development of the students, staff and leaders.
- h) Support scholars and teachers' participation in local and international competition, academic symposia, research projects and other scholarly activities, subject to availability of funds and government accounting and audit regulations.

DEFINITION OF TERMS, STRUCTURE, MANAGEMENT AND GOVERNANCE

Section 4. Definition of Terms. –

- a. Philippine Science Institute – is envisioned as a higher education institute offering scholarships to deserving and qualified Filipino students a pathway to earn undergraduate and postgraduate STEM degrees through Applied Research;
- b. Term – refers to the “*term of office*,” with a duration of six (6) years in one term.

Section 5. Overall Coordinating Authority. The PSI shall be attached with the Department of Science and Technology (DOST). The PSI Board of Trustees shall be the Governing Board of the Institute.

Section 6. Board of Trustees. – The governance of the PSI is vested in the Board of Trustees herein referred to as the “*Board*.” Its composition shall be exempted from the requirements of R.A. 8292 also known as the Higher Education Modernization Act of 1997 given the University’s unique character and specialization.

The PSI Board shall be composed of the following members:

- a) Secretary of the DOST as ex-officio Chairman;
- b) The Chair of the Commission on Higher Education as ex-officio Vice Chair;
- c) The Chairperson of the Senate Committee on Science and Technology;
- d) The Chairperson of the House Committee on Science and Technology;
- e) Secretary or Representative of the Department of Information and Communication Technology,
- f) The President of the PSI Alumni Association;
- g) Four (4) private sector representatives who have distinguished themselves in their professions or fields of specialization in research and development representing the following industries: 1) Technology and Engineering; 2) Industry/Business Sector; 3) Adult Education; and 4) Agriculture.

The private sector representatives shall be appointed by the Chairman subject to the confirmation of the Board and shall have a fixed term of four years.

The Board shall exercise the following powers:

- a) Formulate policies and guidelines for the administration and operation of the PSI;
- b) Formulate policies on the appointment, promotion, retention, removal, renewal, rewards and incentives for administrators, faculty and staff;
- c) Approve the curricula of courses submitted by the President of the PSI;
- d) Approve the criteria for the selection and admission of students;
- e) Approve the grant of scholarship, stipend and such allowances for students;
- f) Approve the graduation of successful candidates of the PSI and grant of honors;
- g) Approve the rules on student discipline recommended by School Councils through the President of the PSI with the Board retaining the power to review and pass final judgment on student disciplinary cases;
- h) Confer honorary degrees upon persons in recognition of learning, statesmanship, or eminence in STEM R&D upon recommendation of the committee created by the President of the PSI, provided, that such degrees shall not be conferred in consideration of any payment, gift or other valuable consideration;
- i) Approve appointments and contracts entered into by the President of the PSI in connection with the employment of professors, instructors, lecturers and other personnel of the PSI; to fix their compensation and other conditions of employment; and remove them for cause after due process;
- j) Formulate policies and rules of discipline for students, faculty and staff;
- k) Approve PSI merger or abolition of academic programs, upon recommendation of the School Council through the President of the PSI;
- l) Approve the PSI's budget and appropriations recommended by the President of the PSI through the Council to the ends specified by law such sums as may be provided by law for the support of the PSI;
- m) Receive grants whether cash, land, buildings and improvements thereof; donations, contributions, bequest, gifts, and to formulate policies for the administration thereof;

- n) Appropriate to the ends specified by law such sums as may be provided by law for the support of the PSI;
- o) Develop policies for the expansion of enrollment of the PSI;
- p) Develop policies, criteria, and standards for the establishment of schools or campuses under the PSI;
- q) Formulate its own rules of procedure, and to prescribe for the administration of the PSI such general rules and regulations, not contrary to law and consistent with the purpose of the PSI as defined in this Act;
- r) Establish criteria for the selection and admission of scholars which shall include among others, the national competitive examination;
- s) Receive in trust local and foreign legacies, gifts, and donations of real and personal property of all kinds and to administer the same in accordance with the directions and instructions of the donor, and in default thereof, in such manner as the Board of Trustees may in its discretion determine, for the benefit of the PSI or for aid to any of its students;
- t) Fix and adjust salaries and benefits of faculty members and other employees, provided that salaries and other benefits of the faculty shall be equivalent to those being received by their counterparts in the private sector, as its minimum;
- u) Extend, with their consent the tenure of faculty members of the PSI beyond the compulsory retirement age, any other provision of law to the country notwithstanding, on recommendation of the units upon endorsement of the President of the PSI, whenever their services are especially needed, provided however, that no extension of tenure shall be made beyond the age of seventy (70); provided however the age limit shall not apply to visiting and/ or eminent professors, lecturers or local faculty members or national scientists on account of their exemplary and invaluable contributions to science;
- v) Fix school fees (if any) and other necessary school charges, as the Board may deem proper to impose. Such fees and charges, including government support and other income generated by the PSI, shall constitute special Trust Funds and shall be deposited in an authorized government depository bank. Any and all interest that shall accrue therefrom shall form part of the same funds for the use of the PSI. In the case of legacies, gifts and donations received in trust, they shall be deposited in accordance with the preferred manner of deposit and other conditions (if any) attached to the donation.
- w) Notwithstanding any provision of law to the contrary, all incomes generated by PSI or by its subsidiaries shall, upon their collection, be retained by the PSI and disbursed at the discretion of the Board for the professional growth and development, health, welfare, and other benefits of the students, faculty members and other personnel; for the acquisition, construction maintenance and repair of urgently needed instructional and auxiliary facilities, equipment, buildings and other infrastructure; and for expenses necessary for the attainment of its purposes under its approved program of expenditures.
- x) If PSI, for reasons beyond its control, shall not be able to pursue any project for which funds have been appropriated and allocated under its approved program of expenditures, the Board may authorize the use of said fund for any reasonable purpose for which it deems necessary and urgent for the attainment of the

- objectives of the PSI: Provided, That funds collected from students or donors for a specific purpose shall not be reprogrammed to other expenditures;
- y) Receive and appropriate all sums as may be provided by law for the support of the PSI to the ends specified by law, and all other sums in the manner it may, in its discretion, determine to carry out the purposes and functions of the PSI;
 - z) Authorize the construction, maintenance or repair of its buildings, machinery, equipment and other facilities , and the purchase and acquisition of real and personal properties, including necessary supplies, materials and equipment;
 - aa) Notwithstanding any provisions of law to the contrary, to authorize its faculty and staff to travel abroad to pursue fellowship, scholarship or grant;
 - bb) Exercise the general powers set out in the Corporation Code;
 - cc) Delegate any of its powers to the President of the Institute or other officials or officers as it may deem necessary;
 - dd) Prescribe rules for its own government and discipline of the faculty and other personnel and to enact general policies, rules and regulations, not contrary to law, as are consistent with its purposes;
 - ee) Exercise such powers as may be proper and necessary to carry out the objectives of this Act.
 - ff) Provide fellowships, scholarships and grants, including athletic grants and to award the same to faculty, staff and students having special evidence of merit, especially those who are poor and deserving individuals;
 - gg) Establish professorial chair awards;
 - hh) Set policies and criteria to rationalize the establishment of science schools or campuses under the PSI, for its evaluation and approval thereof;
 - ii) Prepare strategic plans to enhance the capability of the Institute in developing human resources with emphasis on STEM R&D;
 - jj) Elect the President of the President for a single term of six (6) years following a process of democratic consultation with the university community based on standards and guidelines set by the Board. In the event of a vacancy, the Board shall elect a president who shall serve a full term.

Section 7. Quorum. A quorum of the Board of Trustees shall consist of a majority of all the members holding office at the time the meeting of the Board is called. The Board shall convene regularly. The chairperson may call a special meeting whenever necessary, provided that members are notified in writing at least ten (10) days prior to the meeting, provided further that the notice shall contain a brief description of the agenda items to be discussed.

Section 8. The President of the University. The President of the PSI is the chief academic officer, head of faculty and the chief executive officer of the Institute with salary grade of 30, shall exercise the powers specifically provided for in this Act, those determined by the Board, those which pertain to the office of the president of the PSI, and those which are related or necessary to its functions. The PSI President shall be appointed by the Board and shall serve for a single term of six (6) years.

Section 9. The Secretary of the PSI and the Board of Trustees. There shall be a Secretary of the PSI appointed by the Board, who shall also be the Secretary of the Board, and who shall keep such records of the Institute as may be designated by the Board.

Section 10. The Faculty. The teaching staff of each college shall constitute its faculty. The College Faculty shall be presided over by a Dean. The Dean shall be elected by the Board upon nomination of the President of the PSI. following a process of consultation with the constituents of the college based on standards and guidelines set by the Board.

If a Dean fails to complete his/her term, the president shall appoint an acting Dean while a search process is in progress. In no case shall the search and election of the next Dean be longer than sixty (60) calendar days from the date when the vacancy occurs.

Section 11. Appointment Requisites and Practice of Profession. Faculty members, as well as research, extension and professional staff (REPS) of the PSI, shall be exempt as such from any civil service examination or regulation as a requisite to appointment. The provisions of existing law to the contrary notwithstanding, licensing requirements for professional regulatory boards shall not affect appointments to faculty positions. In the appointment of faculty members, no religious test shall be applied, nor shall the religious or political opinions or affiliations of the faculty members of the PSI be made subject of examination or inquiry.

Section 12. Student Affairs. There shall be established in the PSI a student councils, a college or institute student council, a general assembly of all student councils.

The student council shall be composed of elected students of a definite academic unit of the Institute. Each member of the student council shall serve for a term of one (1) year, without prejudice to reelection.

The student council shall serve as the primary student body that shall advance the interests, welfare and aspirations of the students of the PSI. It shall have the power to adopt internal rules of procedure consistent with the provisions of this Act.

Subject to due and comprehensive consultation with the students, there shall be a student publication established in every constituent unit and college to be funded by student fees. Freedom of expression and autonomy in all matters of editorial and fiscal policy shall be guaranteed especially in the selection of its editors and staff.

Section 13. Land Grants and Other Real Properties of the PSI.

- a. The State shall support the PSI as a special institution promoting research and development in science and technology in the form of lump sum amount, through general appropriations and other financial benefits, and in kind, through land grants and donations and use of other real properties. To carry out the intent of these grants, income derived from the development of all land grants and real properties shall be used to further the ends of the Institute, as may be decided by the board;

- b. Such parcels of land ceded by law, decree or presidential issuance to the PSI are hereby declared to be reversed for the purposes intended. The absolute ownership of the Institute over these landholdings, including those covered by original and transfer certificates of title in the name of *"The Philippine Science Institute"* and their future derivatives, is hereby confirmed. Where the issuance of proper certificates of title is yet pending for these landholdings, the appropriate government office shall expedite the issuance thereof within six months from the date of effectivity of this Act: Provided, That all registration requirements necessary for the issuance of the said titles have been submitted and complied with;
- c. The Board may plan, design, approve and/or cause the implementation of land leases: Provided, That such mechanisms and arrangements shall sustain and protect the environment in accordance with law, and be exclusive of the academic core zone of the campus of the PSI: Provided, further, That such mechanisms and arrangements shall not conflict with the academic mission of the PSI;
- d. The Board may allow the use of the income coming from real properties of the PSI as security for transactions to generate additional revenues when needed for educational purposes;
- e. The Board may approve the implementation of joint ventures: Provided, That in the event real properties of the PSI are involved, only the income derived by the Institute from the use of the real properties shall be the subject of its participation or obligation in the joint ventures: Provided, further, That no joint venture shall result in the alienation of the real properties of the PSI; and
- f. Any plan to generate revenues and other sources from land grants and other real properties entrusted to the PSI shall be consistent with the academic mission and orientation of the PSI as well as protect it from undue influence and control of commercial interests: Provided, That such programs, projects or mechanisms shall be approved by the Board subject to a transparent and democratic process of consultation with the constituents of the PSI: Provided, further, That funds generated from such programs, projects or mechanisms shall not be meant to replace, in part or in whole, the annual appropriations provided by the national government to the PSI.

Section 14. Safeguards on Assets Disposition. The preservation of the value of the assets of the PSI shall be of primordial consideration.

The sale of any existing real property of the PSI shall be prohibited: Provided, That the Board may alienate real property donated after the effectivity of this Act if the terms of the donation specifically allow it.

Notwithstanding the provision of this act or any other law to the contrary, the lease of more than five (5) years of the assets the PSI and any transaction referred to in Section 16 shall be subject to applicable laws, and rules and guidelines set by the Board.

Section 15. Tax Exemptions. The provisions of any general or special law to the contrary notwithstanding:

- a. All revenues and assets of the PSI used for educational purposes or in support thereof shall be exempt from all taxes and duties;
- b. Gifts and donations of real and personal properties of all kinds shall be exempt from the donor's tax and the same shall be considered as allowable deductions from the gross income of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended: Provided, That the allowable deductions shall be equivalent to 150 percent to the value of such donation. Valuation of assistance other than money shall be based on the acquisition cost of the property. Such valuation shall take into consideration the depreciated value of property in case said property has been used;
- c. Importation of economic, technical, vocational, scientific, philosophical, historical and cultural books, supplies and materials duly certified by the Board, including scientific and educational computer and software equipment, shall be exempt from customs duties;
- d. The PSI shall pay 0% value-added tax for all transactions subject to this tax; and
- e. All academic awards shall be exempt from taxes.
- f. Visiting foreign scientific lecturers or resident scientists faculty members shall be exempt from tax to include their personal belongings

Section 16. Special Privileges in the Appointment of Foreign/ Visiting Professors or Lecturers. The PSI shall be given special privilege for the employment of foreign nationals, thru expedited application of Alien Employment Certificate (AEP), Work Permits (WP), Special Non-Immigrant Visa under E.O. 226 as amended by R.A. 8756 (for spouses and dependents), and Pre-Arranged Employment Visa.

Section 17. Coverage of Magna Carta Benefits for S&T Workers. All personnel of the PSI are "*S & T Personnel*" as defined in section 5 of R.A. 8439 as amended by R.A. 11312, and as such shall be entitled to full benefits and incentives under the Magna Carta For Scientists and Engineers.

Section 18. Exemption from Age Restrictions For Faculty Members. Faculty members shall be exempted from age restrictions per section 129 of the Omnibus Rules on Appointment and Other Human Resources and related issuances.

Section 19. Reportorial Requirements and Auditing of Accounts. The PSI shall submit an annual report to Congress containing the financial statements, statement of assets and liabilities, actual projected income from tuition fees and other revenue sources, contracts and investments entered into pursuant to Section 16 (c) hereof and programs of expenditure. All accounts and disbursements of the PSI shall be audited by the Commission on Audit.

Section 20. Appropriations. The amount needed to carry out the implementation of this Act shall be charged against the lump sum appropriation of the current fiscal year and other internal funds of the PSI. Thereafter, such lump sum representing the responsibility of the national government for the continued growth, operation maintenance of the PSI shall be included in the annual General Appropriations Act (GAA).

The Institute may use unexpended balances in any appropriation for purposes that the Board determines.

Section 21. Separability Clause. Should any provision herein be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.

Section 22. Effectivity. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation in the Philippines.

Approved.