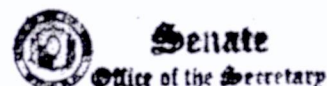


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



20 JAN 21 A8:49

SENATE

S. B. No. 1279

RECEIVED BY: 

Introduced by SENATOR JOEL VILLANUEVA

AN ACT
STRENGTHENING TECHNICAL VOCATIONAL EDUCATION AND
TRAINING (TVET) IN THE PHILIPPINES BY INCORPORATING
APPRENTICESHIP AND DUAL TRAINING SYSTEM,
PROVIDING FOR CONTINUOUS TRAINING OF THE UNEMPLOYED,
AND EXPANDING THE PROVISION OF ENTERPRISE-BASED
EDUCATION AND TRAINING, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

According to JobStreet.com's 2018 Fresh Graduate Report, only 24% of employers from manufacturing, professional services, retail machinery and equipment and BPO industries in the Philippines are ready to hire K-12 graduates.¹ Lack of sufficient in-company or on-the-job training is partly blamed why K-12 graduates are not satisfactorily geared up for work.

Data on work-based training from the Technical Education and Skills Development Authority (TESDA) reinforce the observation that lack of training in authentic work environments deepen job-skills mismatch in the country. According to TESDA, enterprise-based training (i.e., Apprenticeship Program and Dual Training System) produced only 620,199 graduates or only 5.12% of the 12,110,210 graduates of TVET from 2010-2018.

Enterprise-based training is the least participated training modality in the Philippines despite its potential to ensure employability of workers and secure the future of industries. Apparently, the rigidity of the current system discourages partnership with industry that can channel more young people to TVET.

¹ <https://www.rappler.com/business/200514-jobstreet-philippines-fresh-college-graduates-report-2018-employers-k-to-12>

Based on experience, in-company training alone can guarantee higher employment rates. For example, the training program conducted by the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) in 2015 for Electronics Backend Operations recorded 96.64% employment rate.

This experience points to the need to strengthen private sector participation in TVET through enterprise-based training to not only resolve job-skills mismatch but also to ensure adequate supply of relevant skills that our industries need to respond to the Fourth Industrial Revolution (4IR). In fact, many countries across the globe have already shifted to work-based training as a way to train their workers.

This proposed measure aims to incorporate the existing EBT programs administered by TESDA and expand the provision of training programs being implemented within companies which can be a mix of workplace training and classroom-based learning.

By incorporating the Apprenticeship Program and the Dual Training System (DTS), the government and the private sector can better prepare our workers to changing market demands and to benefit from innovation and new technologies, especially automation and artificial intelligence. Thus, giving our young people chances to land into jobs.

The bill defines "*Enterprise-Based Training Program*" as a mix of practical training and related theoretical instructions conducted on-and-off the job. It involves an agreement between a trainee and an enterprise on an approved enterprise-based training qualification. Unlike the current set-up, training duration depend on the complexity of the competencies to be learned in a specific qualification.

This bill can help the government continue to rise up and meet the changing needs of the market, triggered by the 4th Industrial Revolution, and put in place good governance mechanisms that can expand partnership with industry associations and companies through enterprise-based training. More importantly, this bill can address the complaints of employers that Filipino graduates are not job-ready.

The immediate passage of this bill is earnestly sought.


SENATOR JOEL VILLANUEVA

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**AN ACT STRENGTHENING TECHNICAL VOCATIONAL EDUCATION
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APPRENTICESHIP AND DUAL TRAINING SYSTEM, PROVIDING
FOR CONTINUOUS TRAINING OF THE UNEMPLOYED, AND
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EDUCATION AND TRAINING, AND FOR OTHER PURPOSES**

*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 “Enterprise-Based
2 Education and Training to Employment Act.”
3

4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
5 enhance the skills of middle-level workforce of the entire nation. The State seeks to
6 strengthen middle-level manpower education and training in the country and to
7 promote employment so that it can be assured an ever-growing supply of an
8 educated and skilled globally competitive manpower equipped with appropriate skills
9 and desirable work habits and attitudes in accordance with the requirements that
10 meet the demands and standards of the workplace in the market.
11

12 The policy recognizes two paths of education and training, namely: for developing
13 and upgrading the skills of student/trainee in a technologically changing world, and
14 for providing relevance in the training of student/trainee by encouraging work
15 experiences as valid part and means of education and training. The recognition of
16 the two paths of education and training shall greatly contribute to the creation of a
17 dependable pool of well-trained middle-level workforce in the country.
18

19 **SEC. 3. Statement of Objectives.** – This Act shall have the following objectives:
20

- a) To help meet the demand of the economy for well-trained manpower through Technical Vocational Education and Training;
- b) To establish a national enterprise-based training system and standards that is competency-based, including an on- and off-the-job training program, through the participation of employers, workers, and government;
- c) To establish enterprise-based training standards to ensure that the trainees will acquire the right competencies and for the protection of the rights and safety of the trainees; and
- d) To broaden the opportunities, venues of education and training of Filipino workers towards greater access.

SEC. 4. Definition of Terms. – As used in this Act, the following terms shall have the following definitions:

- a) **“Enterprise-Based Training Program”** means practical training with compulsory related theoretical instructions conducted on-and-off the job involving an agreement between a trainee and an enterprise on an approved enterprise-based training qualification. The duration of the program shall be based on the complexity of the competencies to be learned in the specific qualification;
- b) An **“Enterprise-Based Trainee/Student”** is a person undergoing training for an approved enterprise-based education and training qualification in an established period assured by an enterprise-based education and training agreement;
- c) **“Enterprise”** is a group or association, industry organization, single proprietorship, government instrumentalities or civic group or any entity organized, whether or not for profit, regardless of the product or services it produces or provides;
- d) **“Enterprise-Based Training Agreement Between Enterprise and Trainee”** is a contract wherein an enterprise binds itself to train a trainee, who in turn accepts the terms of education and training for an enterprise-based training qualification emphasizing the rights, duties and responsibilities of each party;
- e) **“Enterprise-Based Education and Training Qualification”** is a qualification approved for enterprise-based education and training by the Technical Education and Skills Development Authority (TESDA) Board. Qualification refers to the whole range of competencies a person possesses;
- f) **“Enterprise-Based Education and Training Fund”** is a fund to be used to defray the expenses of the trainees and other expenses related to the implementation of the Enterprise-Based Training program;
- g) **“Competency Standards”** are written specifications of the knowledge, skills, attitudes and values required for the performance of a job, occupation or trade

1 and the corresponding standard of performance required for these in the
2 workplace;

- 3
- 4 h) **“Competency Assessment”** is the process of gathering and evaluating
5 evidence to determine whether a person can perform to the standards in the
6 workplace based on the defined competency standards;
- 7
- 8 i) **“Dual Education and Training”** refers to the combination of on- and off-the-
9 job training involving an enterprise and a training institution;
- 10
- 11 j) **“Period of Education and Training”** refers to the time when the training
12 commences and terminates;
- 13
- 14 k) **“Nominal Duration of Education and Training”** is the estimated number of
15 training hours.

16

17 **SEC. 5. Trainee Entry Requirements for Qualifications of an Enterprise Based**
18 **Education and Training.** – To qualify as an enterprise-based student/trainee, a
19 person shall:

- 20
- 21 a) Be at least a high school graduate or its equivalent;
- 22
- 23 b) Possess vocational aptitude and capacity for enterprise-based training as
24 established through appropriate testing; and
- 25
- 26 c) Possess the ability to comprehend and follow oral and written instructions.
27 Industry associations and labor groups may recommend to the TESDA
28 appropriate educational requirements for the different occupations.
- 29

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

36

37 **SEC. 7. Scope of Training and Coverage of Venues.** – An enterprise that desires
38 to organize and implement an enterprise-based training program shall have its
39 program registered with TESDA before it enters into an agreement with the trainees.

40

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

45

46 **SEC. 8. Contents of Enterprise-Based Training Agreement.** – Enterprise-Based
47 Training Agreements shall conform to the rules issued by the TESDA, which shall
48 include, but not be limited to, the following provisions:

49

- 50 a) Nature and purpose of training;

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

SEC. 9. Signing of Enterprise-Based Training Agreement. – Every enterprise-based education and training agreement shall be signed by the enterprise and by the student/trainee; *Provided*, That if the trainee is a minor, the agreement shall be signed in his behalf by his parent or guardian.

SEC. 10. Enterprise-based Education and Training Arrangements. – Enterprises that desires to organize and implement an enterprise-based education and training program shall choose from any of the following enterprise-based training schemes, which shall use the dual education and training approach:

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

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

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

SEC. 13. Enterprise-Based Education and Training Committee. – There shall be established in every enterprise implementing an enterprise-based training program an Enterprise-Based Education and Training Committee composed of labor and

1 management. For unionized enterprises, the employees' representative shall come
2 from the existing labor unions, while employees' representatives in non-unionized
3 enterprises shall be elected by the employees of the enterprise.

4
5 The Committee shall be responsible for monitoring the program implementation,
6 settling differences between management and trainees and recommending
7 measures for effective program implementation.

8
9 In case the Enterprise-Based Education and Training Committee shall not be able to
10 settle such differences, the TESDA Secretariat or its authorized representative shall
11 investigate and render a decision pursuant to pertinent rules and regulations.

12
13 **SEC. 14. Appeal to the TESDA Board.** – The decision of the TESDA Secretariat
14 may be appealed by any aggrieved person to the TESDA Board within five (5) days
15 from receipt of the decision. The decision of the TESDA Board shall be final and
16 executory.

17
18 **SEC. 15. Exhaustion of Administrative Remedies.** – No person shall institute any
19 action for the enforcement of any enterprise-based training agreement or damages
20 for breach of any such agreement, unless he has exhausted all available
21 administrative remedies.

22
23 **SEC. 16. Mandatory Implementation of Enterprise-Based Education and**
24 **Training Program.** –

- 25
26 (a) When national security or particular requirements of economic development so
27 demand, the President of the Philippines may require compulsory enterprise-
28 based education and training in certain trades, occupations, jobs or
29 employment levels where storage of trained manpower is deemed critical, as
30 determined by the TESDA Board upon the recommendation of its Secretariat;
31
32 (b) Where services of foreign technicians are utilized by private companies in
33 enterprise-based training occupations, such companies shall be required to set-
34 up appropriate enterprise-based education and training programs.

35
36 **SEC. 17. Enterprise-based Education and Training Fund.** – An Enterprise-Based
37 Education and Training Program Fund shall be established to defray the expenses of
38 the qualified trainees in the course of taking the education and training program.
39 The fund shall be derived from the following:

- 40
41 a) One time fee paid by the graduates of the enterprise-based training program
42 upon employment, to be paid through the Social Security System;
43
44 b) Donations, grants and endowments specifically for implementation of
45 enterprise-based training programs; and
46
47 c) Such amounts as may be appropriated in the General Appropriations Act under
48 the budget of TESDA.
49

SEC. 18. Enterprise-based Education and Training Incentives. – Enterprises participating in the enterprise-based training program shall be granted the following incentives:

- a) An additional deduction from taxable income equivalent to seventy five (75%) of the training expenses incurred; *Provided*, That such expenses shall not exceed five percent (5%) of their total direct labor expenses or shall not exceed Twenty-Five Million Pesos (Php25,000,000) a year, whichever is lower;
- b) Donations, contributions, bequest, subsidy or final aid actually paid or made to a participating training institution within the taxable year shall be fully deductible from gross income; and
- c) Donations, contributions, bequest, subsidy or final aid actually paid or made to a participating training institution within the taxable year shall be exempt from donor's tax; *Provided however*, That not more than thirty percent (30%) of said donation shall be used by the training institution for administration purposes.

SEC. 19. Exemption from Probationary Employment; System of Equivalency. – Certified enterprise-based training graduates shall be exempted from probationary employment in the event that they are employed in occupations requiring the same skills and qualifications standards which they shall have obtained upon passing the appropriate competency assessment.

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

SEC. 20. Insurance Coverage and Protection of Trainees. – Every participating enterprise implementing an enterprise-based training program in accordance with this Act shall provide their trainees, free of charge, the appropriate life and/or accident insurance policy.

SEC. 21. Limitation on the Number of Trainees. – No enterprise shall be allowed to engage trainees more than twenty percent (20%) of the total number of its regular employees, *provided*, that the TESDA Board may, upon recommendation of the industry association may increase or decrease the cap, if necessary; *provided further*, that any person who shall be engaged as a trainee in excess of the threshold herein provided shall be considered as a regular employee of the enterprise concerned.

SEC. 22. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, TESDA shall, upon consultation with the Department of Labor and Employment, National Tripartite Industrial Peace Council (NTIPC), Bureau of Internal Revenue and other relevant stakeholders, issue the implementing rules and regulations for the effective implementation of this Act.

1 **SEC. 23. Sunset Provision.** – Four (4) years after the effectivity of this Act, the
2 TESDA Board shall conduct a review of its implementation and submit a report to
3 Congress within thirty (30) days after the conclusion of the review.
4

5 **SEC. 24. Repealing Clause.** – All laws, decrees, orders, rules and regulations or
6 parts thereof inconsistent with this Act are hereby repealed or modified accordingly.
7

8 **SEC. 25. Separability Clause.** – If any provision of this Act is held invalid or
9 unconstitutional, the same shall not affect the validity and effectivity of the other
10 provisions hereof.
11

12 **SEC. 26. Effectivity.** – This Act shall take effect after completion of its publication in
13 the *Official Gazette* or in two (2) newspapers of general circulation.
14

15 **Approved.**