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Office of the Secretary

NINETEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
Second Regular Session]

23 SEP 19 A10 :39

SENATE

RECEIVED BY:

S.B. No. 2445

Introduced by SENATOR WIN GATCHALIAN

**AN ACT
PRESCRIBING MANDATORY GUIDELINES ON THE
ESTABLISHMENT AND OPERATION OF LOCAL UNIVERSITIES AND
COLLEGES AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

In the past six years, there has been a growing demand for higher education in the country. This can be seen in the consistent increase in national higher education participation rates¹ from 26.36% in Academic Year (AY) 2017-2018 to 40.71% in AY 2021-2022. The surge in the national rate of higher education participation has led to a substantial rise in the number of local universities and colleges (LUCs) across the country. In 2018, there were only 107 LUCs in the country. By 2023, this number has increased to 143, marking an almost 34% growth rate in a span of five years.²

The increase in the number of LUCs has addressed the growing demand for college education by establishing more local institutions of higher learning.

¹ Defined by the CHED as the ratio or percentage of college-age population (15 to 24) enrolled in baccalaureate programs in a given year.

² CHED data (2022).

However, concerns have been raised regarding governance, sustainability, and quality standards in these institutions. The Philippine Institute for Development Studies (PIDS) has found that the leadership in LUCs is weakened by the three-year election cycle, leading to policy discontinuity, insufficient resource management, and ineffective investment strategies.³ This observation aligns with a previous study by the De La Salle University which identifies raising research capability, increasing faculty capacity, providing adequate infrastructure, and implementing proper evaluation mechanisms as key challenges to improving the quality of education offered by LUCs.⁴

Recent data⁵ from the Commission on Higher Education (CHED) shows that nearly 3 in every 10 LUCs operate without institutional recognition. This corresponds to 41 out of the 143 LUCs that are not officially recognized by the State.⁶ Another concerning statistic reveals that out of the 102 LUCs with institutional recognition, 35 institutions still lack 100% program compliance. Program compliance entails that the undergraduate or graduate programs offered by an LUC fully adhere to CHED policies, standards and guidelines.⁷

LUCs serve as social institutions that align individuals with society's goals, including ideas, values, behavior patterns, attitudes, and skills. They are also regarded as “principal instruments for rural reconstruction”, akin to community

³ Bayudan-Dacuycuy, C.G., et al., (2023). PIDS: The quest for quality and equity in the Philippine higher education: Where to from here?

See: <https://pidswebs.pids.gov.ph/CDN/document/pidspn2312.pdf>

⁴ Montemar, L., et al., (2014). DLSU-Jesse Robredo Institute of Governance: Access, Quality and Governance in Higher Education, Local Colleges and Universities in the Philippines. See: https://www.researchgate.net/profile/Redento-Recio/publication/320685174_Access_quality_and_governance_in_higher_education_Local_colleges_and_universities_LUCs_in_the_Philippines/links/63d9c3f462d2a24f92e2a23c/Access-quality-and-governance-in-higher-education-Local-colleges-and-universities-LUCs-in-the-Philippines.pdf

⁵ CHED data (2023).

⁶ Under CHED Memorandum No. 18, series of 2022, institutional recognition is the process through which newly established or existing LUCs are granted recognition by the CHED after fulfilling their requirements.

See: <https://ched.gov.ph/wp-content/uploads/CMO-No.-18-S.-2022.pdf>.

⁷ *Id.*

colleges. They function as catalysts for change, shaping the labor force's development by enhancing skills and their distribution in the community.⁹ Consequently, ensuring access to LUCs, prioritizing their governance, and maintaining high-quality education programs should be of utmost importance.

This proposed measure prescribes mandatory guidelines on the establishment of LUCs and requires a local government unit (LGU) to obtain institutional recognition from the CHED as a higher education institution prior to the enactment of an ordinance creating the same. Compliance with this requirement ensures that the LUC meets the minimum standards for quality education.

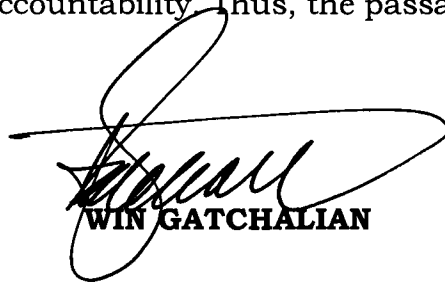
The measure likewise aims to enhance the capacity and quality standards of LUCs through these other key provisions:

- a. Establishment requirements for LUCs, such as a feasibility study covering the need for a local higher education institution, industry requirements, proposed programs, and the LGU's financial capacity. CHED approval is also required prior to offering higher academic programs;
- b. CHED's authority to conduct monitoring and evaluation of LUCs and issue academic policies that take into consideration the peculiar needs and distinct features of LUCs, among others;
- c. Clear delineation of the powers and duties of the Board of Regents, including policy formulation, academic development, and responsive curriculum design; and

⁹ Dayrit, N. (2005). The Local Government Units' Venture into the Philippine Educational System: The Establishment of Local Colleges and Universities." Paper presented during the Network of Asia-Pacific Schools and Institutes of Public Administration and Governance (NAPSIPAG) Annual Conference 2005. See: <https://www.napsipag.org/pdf/Dayrit.pdf>

- d. Appointment of a qualified and experienced LUC President, responsible for its overall administration on a full-time basis.

This proposed measure is a vital step in ensuring that LUCs provide quality education and contribute to the development of their communities while upholding the standards of governance and accountability. Thus, the passage of this bill is earnestly sought.



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**AN ACT
PRESCRIBING MANDATORY GUIDELINES ON THE
ESTABLISHMENT AND OPERATION OF LOCAL UNIVERSITIES AND
COLLEGES 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 “*Local*
2 *Universities and Colleges (LUCs) Governance Act.*”

3

4 Sec. 2. *Declaration of Policy and Objectives.* – It is the policy of the State
5 to protect and promote the right of all citizens to quality education and to
6 take appropriate steps to make education accessible to all. It shall establish,
7 maintain, and support a complete, adequate, and integrated system of
8 education relevant to the needs of the people and society.

9 Towards this end, the mandatory guidelines on the establishment and
10 operation of Local Universities and Colleges (LUCs) are prescribed to achieve
11 a standardized and integrated system of higher education, and provide a
12 relevant direction for their governance to ensure continuous enhancement of
13 educational standards in LUCs that are on par with both local and

1 international practices.

2
3 Sec. 3. *Definition of Terms.* – As used in this Act, the following shall be
4 defined as follows:

- 5 a. *Institutional Recognition (IR)* refers to a process by which the
6 Commission on Higher Education (CHED) grants recognition to an
7 educational institution as a higher education institution (HEI) that
8 meets the minimum standards for quality education.
- 9 b. *Local Government Units (LGUs)* refer to the municipalities, cities or
10 provinces that established the LUC.
- 11 c. *LUC* as defined in Republic Act (R.A.) No. 10931, otherwise known
12 as the “Universal Access to Quality Tertiary Education Act”, refers to
13 a CHED-accredited public HEI established by LGUs through an
14 enabling ordinance, financially supported by the LGU concerned,
15 and compliant with the policies, standards, and guidelines of the
16 CHED.
- 17 d. *Ordinance* refers to the enabling act of the *Sangguniang Bayan,*
18 *Panlungsod,* or *Panlalawigan* that established a particular LUC.
- 19 e. *Sanggunian* refers to the local legislative body which includes
20 *Sangguniang Bayan* for municipalities, *Sangguniang Panlungsod* for
21 cities, and *Sangguniang Panlalawigan* for provinces.

22
23 Sec. 4. *Coverage.* – The provisions of this Act shall apply to the following:

- 24 a. HEIs to be established and operated by LGUs for the purpose of
25 offering higher academic programs;
- 26 b. Educational institutions established and operated by LGUs offering
27 non-degree programs, but would later offer higher academic
28 programs; and
- 29 c. Existing LUCs.

30

1 Sec. 5. *Establishment of Local Universities and Colleges.* – All LUCs
2 covered under sub-paragraph (a) of Section 4 of this Act shall be established
3 through an ordinance duly enacted for that purpose by the *Sanggunian*
4 concerned; *Provided,* That prior to the enactment of the same, the LGU
5 establishing an LUC shall obtain the grant of IR as an HEI with the CHED,
6 through the Regional Office having jurisdiction of the place where the
7 institution is intended to be established, to ensure full compliance with the
8 mandatory requirements under Section 6 of this Act.

9
10 Sec. 6. *Mandatory Requirements for the Institutional Recognition of Local*
11 *Universities and Colleges.* – In order for LUCs to be institutionally recognized
12 as HEIs, the CHED shall strictly require all such LUCs to submit the
13 following requirements for review and approval:

- 14 a. A feasibility study that shall include but not limited to the following
15 discussions:
- 16 1) the necessity for a local HEI in the area;
 - 17 2) human resource requirements of the industry to determine
18 proposed program offerings;
 - 19 3) target program offerings; and
 - 20 4) financial capacity of the LGU to establish and sustain the
21 operation of the LUC.
- 22 b. Certification of availability of funds by the treasurer of the LGU
23 concerned, as provided under the pertinent provisions of R.A. No.
24 7160, otherwise known as the “Local Government Code of 1991”.
- 25 c. A project development plan to show that the LGU has allocated a
26 school site with appropriate size and location pursuant to the
27 applicable provisions of Presidential Decree No. 1096, s. 1977,
28 otherwise known as the “National Building Code of the Philippines”,
29 blueprint of architectual design for its buildings and other physical
30 facilities, and provisions for acquisition of instructional materials

1 and equipment that comply with CHED Memorandum Orders
2 pertinent to the program offered.

- 3 d. A five-year institutional development plan duly approved by the
4 *Sanggunian* which shall include but not limited to the following: 1)
5 annual budgetary allocation; 2) organizational structure and
6 composition of the Board of Regents (Board); and 3) plantilla of
7 positions duly approved by the Civil Service Commission (CSC).
8

9 *Sec. 7. Prior Approval of the Commission on Higher Education for the*
10 *Offering of Academic Programs.* – A duly established HEI and other
11 educational institutions covered under Section 4 (b) of this Act shall secure
12 approval from the CHED prior to the offering of higher academic programs.
13 The Chairperson of the Board, or its President when so authorized by the
14 Board, shall file with the CHED an application to offer a higher academic
15 program. The application shall be supported with documents indicating
16 compliance with the policies, standards, and guidelines relative to such
17 academic program.
18

19 *Sec. 8. Benefits and Incentives.* – All LUCs established in accordance
20 with the provisions of Sections 5 and 6 of this Act shall be eligible to avail of
21 the benefits provided under R.A. No. 10931.

22 They shall likewise be eligible to apply for any grant or subsidy provided
23 by the CHED, subject to its existing requirements and guidelines. They shall
24 also be eligible to avail of support provided by the CHED for the development
25 of their human resources through appropriate scholarships for post-graduate
26 studies, continuing professional development programs, and other capacity-
27 building activities that ensure the delivery of quality education.

28 LUCs shall be listed in the registry of Philippine HEIs, which will assist
29 and facilitate the mobility of students and faculty to another country for
30 purposes of study, research, teaching, or work.

1 *Sec. 9. Monitoring and Evaluation of Local Universities and Colleges by*
2 *the Commission on Higher Education; Technical Assistance; Feedback*
3 *Mechanism.* – Pursuant to the provisions of R.A. No. 7722, otherwise known
4 as the “Higher Education Act of 1994”, the CHED shall monitor and evaluate
5 the performance of LUCs and their academic programs, subject to the
6 provisions of R.A. No. 11713, otherwise known as the “Excellence in Teacher
7 Education Act”. It shall continue to provide technical assistance to and
8 develop appropriate feedback mechanisms for the LUCs through its regional
9 offices for their continuing growth and development.

10 The CHED shall, in the issuance of academic policies affecting LUCs,
11 ensure quality assurance while taking into account the different
12 characteristics, peculiar needs, distinct features, organizational set-up, and
13 operations of LUCs, among others.

14
15 *Sec. 10. The Board of Regents of Local Universities and Colleges; Terms*
16 *of Office.* – The Board of LUCs shall have the following composition:

- 17 a. Local Chief Executive, as Chairperson;
18 b. President of the LUC, as Vice-Chairperson;
19 c. President of the duly recognized faculty association of the LUC, as
20 member;
21 d. President of the duly recognized student council of the LUC, as
22 member;
23 e. Chairperson of the Committee on Education of the *Sangguniang*
24 *Bayan, Panlungsod, or Panlalawigan*, as member;
25 f. A representative from the CHED with a rank not lower than Director
26 as member; and
27 g. Three (3) representatives from the academe or the business sector
28 as members, who are of known probity and distinction in their
29 respective fields of expertise in the municipality, city, or province
30 where the LUC is located. The three (3) representatives from the

1 academe or the business sector shall be appointed by the Local Chief
2 Executive, and serve in coterminous with his or her term of office,
3 unless earlier terminated.
4

5 Sec. 11. *Meetings; Quorum; Compensation.* – The Board shall regularly
6 convene at least once a month. The Chairperson of the Board may call for a
7 special meeting whenever necessary: *Provided*, That members are notified in
8 writing at least three (3) days prior to the said special meeting.

9 A majority of all the members of the Board holding office at the time of
10 its regular or special meeting shall constitute a quorum: *Provided*, That the
11 Local Chief Executive who is the chairperson of the Board or the President
12 who is the vice-chairperson is among those present in the meeting.

13 The members shall serve without compensation, but they shall be
14 reimbursed for necessary expenses incurred in their attendance to meetings
15 of the Board or in connection with their official business, as may be authorized
16 by resolutions of the Board.
17

18 Sec. 12. *Powers and Duties of the Board.* – The Board is the highest
19 policy-making body of the LUC. As such, it shall have the following specific
20 powers and duties in addition to its general powers of administration and
21 powers granted to the board of directors of a corporation under R.A. No.
22 11232, otherwise known as the “Revised Corporation Code of the Philippines”:

- 23 a. Promulgate policies in accordance with the declared state policies on
24 higher education as well as the policies, standards, and guidelines
25 of the CHED under R.A. No. 7722 and other pertinent laws;
- 26 b. Promulgate rules and regulations consistent with existing laws,
27 rules, and regulations as may be necessary to carry out the purposes
28 and functions of the LUC;

- 1 c. Receive assistance from the LGU to augment the internal sources of
2 funds, as may be provided, to carry out the purposes and functions
3 of the LUC;
- 4 d. Fix the tuition fees and other necessary school charges, such as but
5 not limited to matriculation fees, graduation fees, and laboratory
6 fees, as their respective boards may deem proper to impose after due
7 consultations with the involved sectors;
- 8 e. Appoint the President upon the recommendation of the Search
9 Committee based on the selection procedure as provided in Section
10 14 of this Act;
- 11 f. Confirm the appointments of other school officials, teaching, and
12 non-teaching personnel appointed by the President;
- 13 g. Determine and approve curricular programs and program offerings
14 in response to the needs and demands of the community provided
15 that these should comply with the policies, standards, and
16 guidelines set by the CHED;
- 17 h. Promulgate policies on admission, retention, and graduation of
18 students and to award degrees, titles, diplomas, and certificates;
- 19 i. Award honorary degrees upon persons in recognition of outstanding
20 contributions in the field of education, public service, arts, science,
21 and technology or any field of specialization within the academic
22 competence of the LUC, subject to the existing CHED guidelines, and
23 authorize the award of certificates of completion of non-degree and
24 nontraditional courses, subject to existing CHED policies and
25 guidelines;
- 26 j. Institutionalize and strengthen research and extension programs;
- 27 k. Establish professorial chairs in the LUC and provide fellowships for
28 qualified faculty and scholarships to deserving students;

- 1 l. Develop and approve consortia and other forms of linkages
2 with LGUs, institutions and agencies, both public and
3 private, local and foreign, in furtherance of the purposes and
4 objectives of the LUC, including its internationalization initiatives;
- 5 m. Develop and approve academic arrangements for the capacity
6 building of the institution, with appropriate institutions and
7 agencies, public or private, local or foreign, and appoint experts or
8 specialists as consultants, visiting or exchange professors, scholars,
9 and researchers, as the case may be, consistent with the provisions
10 of R.A. No. 11448, otherwise known as the “Transnational Higher
11 Education Act”, and other guidelines of the CHED relative to such
12 academic arrangements;
- 13 n. Set up the adoption of modern and innovative modes of transmitting
14 knowledge through different teaching and learning modalities,
15 subject to CHED requirements;
- 16 o. Ensure the efficient management of non-academic services such as
17 medical and dental, guidance and counseling, career and job
18 placement, canteen, buildings, grounds and property maintenance,
19 and similar services;
- 20 p. Submit to the Local Chief Executive or to the *Sangguniang Bayan,*
21 *Panlungsod, or Panlalawigan* an annual detailed report, setting forth
22 the status, progress, needs, and goals of the LUC; and
- 23 q. Delegate any of its powers and duties provided for herein to the
24 President or other officials of the LUC as it may deem appropriate to
25 expedite the administration of the affairs of the LUC.

26

27 *Sec. 13. The President as Administrator of the Local University or College;*
28 *Other Officials and Employees.* – The administration of the LUC shall be vested

1 in the President who shall render full-time service to implement the policies
2 promulgated by the Board.

3 The President shall hold a doctoral degree in education, administration,
4 or other related fields, with at least three (3) years of relevant administrative
5 experience, without prejudice to the provision of additional qualifications to
6 be set by the Board.

7 The President shall serve a term of three (3) years, subject to
8 reappointment for not more than two (2) terms. In case of vacancy by reason
9 of death, compulsory retirement, resignation, removal for cause, or
10 permanent incapacity of the President to perform the functions of his or her
11 office, the Board shall have the authority to designate an Officer-in-Charge
12 who shall serve no longer than the unexpired term.

13 The powers and duties of the President, in addition to those specifically
14 provided in this Act, shall be those usually pertaining to the Office of the
15 President of other colleges and universities, and those delegated by the Board.

16 The salary of the President shall be set by the Board, taking into
17 consideration the applicable rules and regulations of the CSC and the
18 Department of Budget and Management and ensuring that the same shall be
19 comparable to that being received by the presidents of similar educational
20 institutions.

21 The vice-presidents, deans, directors, heads of departments, faculty,
22 non-teaching personnel, and such other officials and employees of the LUC
23 shall be appointed by the President, subject to the confirmation of the Board.
24 The appointment, as well as removal for cause, of these LUC officials and
25 employees shall conform to existing civil service laws, rules and regulations.
26

27 *Sec. 14. Search Committee.* – In case of vacancy in the Office of the
28 President brought about by any of the causes mentioned in the preceding
29 section, the Board shall organize and convene a Search Committee for the
30 selection of a new President.

1 The Search Committee shall have three (3) members to be appointed by
2 the Board and shall not come from the Board. It shall elect a Chairperson and
3 ensure that the new President is selected within three (3) months from the
4 time the position is vacated, or before the end of the unexpired term,
5 whichever is earlier.

6 For a newly established LUC, the Mayor shall organize a Search
7 Committee, composed of three (3) members, upon whose recommendation he
8 shall appoint its first President.

9
10 Sec. 15. *The Secretary of the Local University or College.* – The Board
11 shall appoint a Secretary who shall serve as such for both the Board and the
12 LUC upon the recommendation of the President. The Secretary shall be the
13 custodian of all official records of the LUC and shall communicate the notices
14 of meetings to each member of the Board.

15
16 Sec. 16. *Transitory Provision.* – In the interest of efficient control and
17 regulation by the CHED, all LUCs which are already existing at the time of
18 the effectivity of this Act shall be allowed to continue their operations for a
19 non-extendible period of three (3) years to comply with the requirements
20 outlined in this Act. Non-compliance shall result in the phase-out of the
21 programs being offered by the concerned LUCs.

22
23 Sec. 17. *Penalties for Non-Compliance.* – A person who violates any
24 provision of this Act or the rules and regulations issued pursuant thereto shall
25 be subject to an administrative fine of up to One million pesos (Php
26 1,000,000), depending on the severity of the violation, as may be determined
27 in the Implementing Rules and Regulations (IRR) of this Act.

28
29 Sec. 18. *Implementing Rules and Regulations.* – Within ninety (90) days
30 from the effectivity of this Act, the CHED, in coordination with the Department
31 of the Interior and Local Government, and other relevant agencies and sectors,

1 shall issue the rules and regulations implementing its provisions. The IRR
2 issued pursuant to this section shall take effect thirty (30) days after its
3 publication in a newspaper of general circulation.

4

5 Sec. 19. *Separability Clause.* – If any provision of this Act is held invalid
6 or unconstitutional, the other provisions not so declared shall remain in force
7 and effect.

8

9 Sec. 20. *Repealing Clause.* – All laws, executive orders, presidential
10 decrees, administrative orders, rules and regulations, issuances, or parts
11 thereof contrary to or inconsistent with the provisions of this Act are hereby
12 repealed or amended accordingly.

13

14 Sec. 21. *Effectivity.* – This Act shall take effect fifteen (15) days after its
15 publication in the Official Gazette or in a newspaper of general circulation.

Approved,