

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

Eighteenth Congress
Third Regular Session

HOUSE RESOLUTION No. 2279



Introduced by Representative STELLA LUZ A. QUIMBO

RESOLUTION

DIRECTING THE HOUSE COMMITTEE ON GOOD GOVERNMENT AND PUBLIC ACCOUNTABILITY TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE FINANCIAL MANAGEMENT AND OPERATIONS OF THE TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA) IN LIGHT OF THE INEFFICIENCIES WITHIN THE AGENCY, FUND UNDER-UTILIZATION, AND MISREPORTING OF FINANCIAL DATA UNCOVERED IN THE 2022 NATIONAL BUDGET DELIBERATIONS

1 WHEREAS, Republic Act No. 7796 or the TESDA Act of 1994 created the Technical
2 Education and Skills Development Authority (TESDA) to formulate, continue,
3 coordinate, and fully integrate technical education and skills development policies,
4 plans, and programs in the country;

5 WHEREAS, at a time of the COVID-19 pandemic, wherein according to the Labor Force
6 Survey as of July 2021, 3.1 million Filipinos have lost their jobs and 8.7 million are
7 underemployed, there is an urgent necessity to reskill and retool workers to adapt to
8 labor market demands, through the assistance of the government agencies such as
9 TESDA;

10 WHEREAS, on September 2021 as part of the budget process mandated by the 1987
11 Constitution, the House of Representatives Committee on Appropriations conducted
12 budget briefings per government agency and subsequently, the Lower House initiated
13 plenary sponsorship and debates on the General Appropriations Bill for Fiscal Year
14 2022;

1 WHEREAS, on September 10, 2021, the House Committee on Appropriations discussed
2 the proposed budgetary appropriations for the Department of Trade and Industry,
3 including its attached agencies under the 2022 National Expenditure Program, of which
4 TESDA had a proposed 2022 budget worth P14.7 billion in total, representing an P84.8-
5 million increase from what was approved in the 2021 General Appropriations Act;

6 WHEREAS, according to TESDA's Statement of Allotment, Obligation and Balances
7 (SAOB) for 2020, the agency has unutilized funds amounting to P4.2 billion as of
8 December 31, 2020;

9 WHEREAS, according to the SAOB for Fiscal Year 2021, in light of the budgetary
10 adjustments due to the COVID-19 pandemic, the total annual allotment for TESDA
11 increased to P15.3 billion, wherein P9.2 billion or 60 percent of which remained
12 unobligated as of June 30, 2021;

13 WHEREAS, in a 2020 audit report, the Commission on Audit flagged the accumulation
14 of unutilized and idle TESDA funds amounting to P5.21 billion, allegedly since
15 conducting face-to-face training and assessment was not possible during the COVID
16 pandemic;

17 WHEREAS, in the budget briefing of TESDA held on September 10, 2021, it was
18 revealed that the agency was able to obligate P3 billion or 19.6 percent of annual
19 allotment from June 30, 2021 to September 10, 2021;

20 WHEREAS, during the plenary debates on the TESDA 2022 budget held last September
21 24, 2021, TESDA potentially misled the House of Representatives when they stated that
22 the agency was able to obligate P7 billion or about 45 percent of its annual allotment
23 from June 30, 2021 to September 23, 2021, implying that the agency has properly
24 obligated nearly all of its annual allotment as of September 23, 2021;

25 WHEREAS, of the P7 billion allegedly obligated, P4 billion worth of funds were
26 supposedly obligated in a span of 13 days, from September 10, 2021 to September 23,
27 2021;

28 WHEREAS, to correct the initial information they shared, in a letter dated September
29 28, 2021 to the Office of Rep. Stella Luz A. Quimbo, TESDA attested that their total
30 obligations as of September 24, 2021 is only at P9.6 billion; and their utilization rate is
31 only at 62.13 percent;

32
33 WHEREAS, even if TESDA did not actually obligate over P4 billion within 13 days, it

1 still holds true that they were able to obligate about P4 billion, or one-third of their
2 budget, in a span of 3 months, which runs counter to their historical behavior of being
3 able to fully utilize their budget only after 21 months;

4 WHEREAS, it would appear from TESDA's submissions that it was able to obligate P92
5 million worth of funds in 13 days, from September 10 to 23, 2021 which should cover
6 approximately 7000 scholarship grants assuming an average training cost of P13,000 for
7 each scholar;

8 WHEREAS, the utilization of P92 million within 13 days in itself is dubious since
9 TESDA's Citizen's Charter provides that the approval of the Qualification Maps which
10 requires identification of scholars has a total turnaround time of approximately 14
11 working days;

12 WHEREAS, during the same plenary procedures, it was discovered that TESDA, the
13 government regulator of the technical vocation education schools, also participates in
14 the market by running and operating its own training schools which compete with
15 privately-owned technical vocational institutions;

16 WHEREAS, while Section 20 of the TESDA Act of 1994 mandates TESDA to "strengthen
17 the network of national, regional and local skills training centers for the purpose of
18 promoting skills development," no provision of the same Act allows TESDA to
19 participate in the market and operate its own training centers;

20 WHEREAS, by TESDA's participation in the technical vocational education market, a
21 conflict of interest arises because the agency approves scholarship grants to private
22 technical vocational institutions and to Technical Training Institutes which it owns and
23 operates;

24 WHEREAS, despite the fact the TESDA-run and -owned schools constitute less than 5
25 percent of the total number of training schools in the country, such schools receive a
26 disproportionate share of the total scholarship funds administered by TESDA
27 equivalent to 30 percent;

28 WHEREAS, the operation of training schools by TESDA runs counter to the NEDA-PCC
29 Joint Memorandum Circular No. 01-2020 or the National Competition Policy and
30 violates the principle of competitive neutrality, given that such institutions are run by,
31 and receive funds from, the same authority that regulates the sector, to the detriment of
32 healthy market competition and of the private businesses;

33

1 WHEREAS, on April 26, 2020, the Technical Vocational Schools and Associations of the
2 Philippines issued a statement stating that more than half of the 4200 private technical
3 vocational institutions “may face business closure if beset with foregone income,
4 business losses, and reduced enrollment due to post-ECQ conditions”;

5 WHEREAS, it was further revealed that the scholarship funds received by the TESDA-
6 run schools are deposited into a revolving fund called the Sariling Sikap Fund, the
7 programming of which escapes the scrutiny of Congress;

8 WHEREAS, TESDA Circular No. 026-2018 directs TESDA to spend the Sariling Sikap
9 Fund for training, competency assessment and certifications, clearance and certification
10 fees, among others;

11 WHEREAS, a portion of the revenues kept under the aforementioned fund are invested
12 by TESDA which then generates retained earnings, without having to remit dividends
13 to the National Government in the manner that other government-owned and
14 controlled corporations are mandated to do;

15 WHEREAS, the very act of investing revenues from the Sariling Sikap Fund is
16 contradictory to the Fund’s lawful objectives, as it is a revolving fund to be used
17 towards providing assistance and training to institutions, industries, and LGUs, and
18 thus is a blatant misuse of public resources.

19 WHEREAS, the failure of TESDA to remit a portion of such earnings to the government
20 also deprives the latter of significant amount of funds which could be appropriated for
21 urgent necessities of the people such as cash-for-work programs and other social
22 amelioration programs;

23 WHEREAS, the failure of an agency to fully utilize the public funds appropriated to
24 them by Congress results in the failed delivery of public services which is essential in
25 times of emergency such as the COVID-19 pandemic, which displaced millions of
26 Filipino workers;

27 WHEREAS, given the significant role that TESDA ought to play in developing and
28 enhancing the skills and competencies of Filipino laborers in the path towards economic
29 recovery, there is an urgent necessity to ensure that the financial and administrative
30 operations of TESDA are efficient and well-managed;

31 NOW, THEREFORE BE IT RESOLVED, AS IT IS HEREBY RESOLVED, by the House of
32 Representatives that the Committee on Good Government and Public Accountability

1 conduct an inquiry in aid of legislation on the anomalous statements and practices of
2 TESDA, with the view of making all responsible officers accountable for any
3 malfeasance, misfeasance and/or nonfeasance that may have resulted in the failed
4 delivery of necessary public services, curtailing competition in the technical vocational
5 training market, and depriving the national government of much needed revenue in the
6 face of the pandemic.

7 Adopted,

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A handwritten signature in black ink, appearing to be 'SLA', written in a cursive style.

10 **STELLA LUZ A. QUIMBO**