

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

Nineteenth Congress
First Regular Session

House Bill No. 675



Introduced by **REP. JOEY SARTE SALCEDA**

AN ACT
ESTABLISHING A NATIONAL SKILLS PROGRAM TO PROVIDE TRAINING
SERVICES LINKED TO LABOR DEMAND AND ASSIST DISPLACED WORKERS
REGAIN EMPLOYMENT, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The 21st Century Skills Act

The country's skills gap has long been discussed. Even as our most rapidly growing industries, such as the Business Process Outsourcing (BPO) sector, require increasingly more "21st century skills," or advanced skills that involve using basic skills to analyze and come up with practical solutions to client problems, our labor profile shows that we are ill-prepared for value-adding work in a globalizing and digitalizing economy.

A cursory look at our labor profile by class of occupation would show just how little a share of our labor force is employed in "21st century jobs" that require hard and soft skills.

| OCCUPATION | Share of employed persons (in percent) in April 2020 | Share of employed persons (in percent) in April 2019 |
|---|---|---|
| Managers | 9.3 | 10.9 |
| Professionals | 5.8 | 5.4 |
| Technicians and associate professionals | 3.9 | 4.2 |
| Clerical support workers | 6.4 | 6.2 |
| Service and sales workers | 18.4 | 18.8 |
| Skilled agricultural, forestry, and fishery workers | 14.1 | 11.5 |
| Craft and related trades workers | 6.4 | 8.1 |
| Plant and machine operators and assemblers | 7.7 | 8.2 |
| Elementary occupations | 27.8 | 26.3 |
| Armed forces occupations | 0.2 | 0.2 |

Craft and related trades workers, while growing, are only at 6.4 % of the workforce. We are a country with more “managers” (at 9.3) than skilled workers. More than a quarter of our labor force is in “elementary occupations,” or work that requires a lower level of skills.

Without devaluing the work of those in elementary occupations, COVID-19 has showed just how vulnerable these jobs are, in addition to not being well-paid. With mobility restrictions, and with the rapid development of the virtual space as an alternative avenue for work, those in elementary occupations (such as janitors and others in occupations requiring physical presence in the workplace) were among the first to be rendered temporarily unemployed.

Even as many laborers work in elementary occupations, often at lower-paying jobs, the Philippine BPO industry is experiencing a skills shortage that is threatening its competitiveness. In forums and dialogues, the Information Technology and Business Process Association of the Philippines (IBPAP), the umbrella organization of the BPO sector, laments how BPO firms struggle to find workers capable of carrying out increasingly more complex jobs in the BPO sector, as firms shift from contact center operations to more sophisticated operations involving analysis and problem-solving.

Despite the Build, Build, Build program, which has and will create millions of jobs for Filipinos, a 2018 report by the Technical Education and Skills Development Authority (TESDA) found that “Construction might need some special focus because the Sector has not produced enough graduates/prospective workers who can meet the demands of the “Build Build Build” Program. At least a million workers are needed to meet the demands of the Program, according to the National Economic and Development Authority¹.”

The report also pointed out the need to prepare Filipino workers “to adapt to emerging industry trends (such as the use of artificial intelligence in Manufacturing) and to drastic changes in well-developed countries.”

Even logistics has identified some gaps in training. According to another labor market intelligencer by the TESDA, while the sector has found Filipino drivers to be proficient in the basic skill of driving, “however, this qualification should incorporate competencies ‘business sense’ or the development of a driving qualification specific to the logistics and warehouse requirements².”

Clearly, there is a “higher-order” or “higher-value” skills gap in the country that needs to be filled if the country is to achieve economic growth beyond the natural rate that favorable demographics and inflation provide.

The country will not be young forever. If the labor force is not equipped with value-adding skills, we may be wasting what economists call our potential “demographic dividend.”

With COVID-19 and the acceleration of digitalization and automation in business, the urgency for upskilling and consistent updating of skill sets also becomes more pronounced.

In view of this need, this bill, the “21st Century Skills Development Act,” will establish a National Skills Development Program, known as SkillDev, which will provide universal access

¹ Labor Market Intelligence Report. Issue No. 2, s. 2018

² Labor Market Intelligence Report 2013

to annual training programs. The program places an emphasis on job training for emerging or resilient industries. This will help modernize our outlook on labor from merely protecting jobs with mere regulation, notwithstanding trends in the economy that could render such jobs useless, to protecting workers by making them ready for the ever-changing jobs of the 21st century.

The proposal will create a Skills Development Account (SDA) which all Filipinos above 15 years of age will be entitled to. Annually, SDA holders will have 200 hours of free training that they can use to upskill or reskill. There will also be support services for SDA holders who are displaced workers or who are formerly incarcerated persons seeking reentry into the labor force. These support services include a living allowance during the training program, a childcare allowance when applicable, transportation allowance, training materials allowance, and career counselling services.

SDA holders will be entered into a national skills database which will help TESDA match skilled workers with labor demand. The trainings themselves will be formulated based on labor market demand, as reflected in the annual skills demand reports at the regional and national level. The database will also be used for formulating national industry and labor policy, and programs to create higher-paying skilled jobs in the economy.

The proposal also provides grants for the private sector to develop training programs that can be accredited under SkillDev. The proposal also encourages partnerships and collaboration between the government, labor organizations, and the private sector to formulate trainings and plans for job creation and skill upgrading.

The proposal also mandates TESDA to help train Public Employment and Services Offices (PESO) into SkillDev assistance and career counselling centers, where information and assistance on the skills training program may be obtained by eligible recipients.

Finally, the proposal mandates the creation and maintenance of a Career Online One-Stop Shop which would provide resources for all stakeholders of the SkillDev program. The SDAs will also be accessible through the online one-stop shop.

Given the pressing need to match jobs with skills gaps and displaced workers due to COVID-19, and to prevent a further widening of the skills gaps in other high-value sectors such as construction and BPO, this proposal should also be viewed as an economic recovery program.

In view of the foregoing, the approval of this bill is urgently sought.


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

SECTION 1. *Short Title.* – This Act shall also be known as the “21st Century Skills Development Act.”

SEC. 2. *Objectives.* – This Act responds to the pressing need for employment and reemployment opportunities, following the 2020 economic crisis. Specifically, this Act aims to:

- (a) Remove barriers to inclusive economic growth by allowing workers to access training opportunities through eligible providers of training services, including community colleges and registered apprenticeship programs, and by providing supportive services, including childcare and transportation, and living allowances and expenses;
- (b) Establish a workforce development system, which will aggregate and analyze labor and employment data and serve to promote careers with decent, living wages, and contribute to fostering inclusive economic growth;
- (c) Bring together employers, education and training providers, labor organizations and joint labor-management partnerships, workforce organizations and agencies, and other stakeholders to collaborate to identify local needs and align training and education opportunities with local employment demand, including through the use of career pathways for workers;
- (d) Open opportunities for acquiring 21st century skills, which are linked to improving employment prospects and work success;
- (e) Incentivize training and workplace systems that equip workers to be able to think critically and creatively, solve complex problems, make evidence-based decisions, adapt to evolving technologies, and work collaboratively; and
- (f) Prepare the workforce for a more digital, more globalized economy where the demand for sheer manual labor is diminishing, and where the need for value-adding skills becomes more crucial to both individual employment prospects and national economic development.

SEC. 3. Establishment of the National Skills Development System – There is hereby established a National Skills Development Program (SkillDev), which shall be a program to provide universal access to training programs required to acquire skills demanded by emerging or resilient industries, or skills required by national development priorities.

SkillDev shall be implemented by the Technical Education and Skills Development Authority (TESDA) in partnership with the Department of Labor and Employment (DOLE), and the Department of Trade and Industry (DTI), whose secretaries shall designate their respective agency’s focal person(s) for SkillDev.

SkillDev shall promote partnerships with industry associations, local chambers of commerce, labor unions and organizations, cooperatives in crafting and offering training programs that respond to present and anticipated skills gaps, particularly for resilient and emerging industries, and industries that are expected to gain prominence with the development and broader use of digital technologies.

TESDA shall establish SkillDev counselling and assistance offices, and help equip the Public Employment and Services Offices (PESO) into SkillDev centers capable of providing career counselling and job matching services, as well as serving as information and assistance centers for the program.

SEC. 4. Skills Development Accounts. – Every Filipino citizen, upon reaching fifteen (15) years of age, shall be entitled to a Skills Development Account (SDA) under the SkillDev system. The said individual shall be entitled annually to two hundred (200) hours of tuition-free training under programs offered or accredited by the Technical Education and Skills Development Authority (TESDA) for SkillDev.

Prior to using the SDA hours, a SkillDev counselor shall recommend to the SDA account holder options based on their current or prospective occupations, the skills in demand in the area where the account holder resides or plans to reside, and the current skills and inclinations of the account holder.

These SDA hours may also be used towards the attainment of a National Certificate issued by TESDA.

TESDA, in coordination with the Philippine Statistics Authority (PSA) shall establish a National Skills Development Database to track the use of SDA hours, including certifications and accreditations completed by the account holders.

With the consent of the account holders, the Database may be used to match account holders with employment and training opportunities. The Database shall also be used as the basis for government programs and policies on skills and labor development.

SEC. 5. Certifiable training programs. – TESDA, in coordination with the Department of Trade and Industry (DTI) and the Department of Labor and Employment (DOLE) shall formulate and calibrate SkillDev training programs in a manner that will allow SDA holders to accumulate training and skills which may be certified. The training programs shall also be calibrated so as to allow SDA holders to improve or expand their existing skill set.

SEC. 6. *Demand-based skills development.* – The SkillDev Committee, with the Institute for Labor Studies (ILS), shall collaborate with industry associations, local chambers of commerce, labor unions and organizations, cooperatives, and other stakeholders to determine the skill sets demanded locally and by the national economy, in consonance with the Philippine Development Plan.

The ILS shall formulate, based on stakeholder dialogues and data-driven and evidence-based research, a National Skills Demand Report, which will identify priority areas for skills training and development, based on the needs of resilient and emerging industries, and on national socioeconomic priorities. The ILS shall also formulate Regional Skills Demand Reports, in cooperation with Regional Offices of TESDA and DOLE.

The nationally and locally offered SkillDev training programs shall be formulated and calibrated based on the priority areas identified by these reports.

SEC. 7. *SDA support services for displaced workers or workers reentering the labor force.* – As far as resources allow, there shall be SkillDev programs with support services for displaced workers seeking reemployment. Support services shall include a living allowance for the duration of the training, a transportation allowance when applicable, a training materials allowance, career counseling and job-matching services, and a child-care allowance whenever applicable.

To be eligible to receive training services and supportive services under this paragraph, an individual shall:

- (a) be a dislocated worker;
- (b) be eligible for and receiving unemployment compensation under any national unemployment compensation law;
- (c) be unemployed and have exhausted all unemployment compensation benefits available to the individual;
- (d) be a formerly incarcerated individual who has fully served out their sentence, with a record of good conduct in prison; or
- (e) be a member of a household with an adjusted gross income of not more than one-hundred fifty thousand pesos (P150,000.00).

SEC. 8. *Sector partnerships for skills development.* – The TESDA Director-General shall award grants, on a competitive basis, to sector partnerships or labor-management partnerships for the government's share of carrying out the SkillDev training programs accredited by TESDA, in order to promote collaborative planning, resource alignment, and skills-based training and hiring across multiple employers for a range of workers. These grants shall be funded annually under the General Appropriations Act of the Fiscal Year.

Applying organizations or partnerships shall submit an application at such time, in such manner, and containing such information as the Director-General may require, including information describing how a sector partnership or labor-management partnership, in carrying out the activities under the grant, will:

- (a) align the activities with career pathways and expand access to career pathway opportunities for workers within the industry or sector involved; and
- (b) improve compensation and other employment benefits for workers within the industry or sector involved.

SEC. 9. *Priority in giving grants.* – In awarding grants under this Act, the Director-General, through an evaluation committee, shall give priority to sector partnerships or labor-management partnerships that:

- (a) demonstrate that the sector partnership or labor-management partnership will prepare the local workforce for employment in growing, in-demand industry sectors or occupations; and
- (b) target low-income individuals.

SEC. 10. *Use of funds.* – A sector partnership or labor-management partnership receiving a grant under this Act shall use the grant funds to carry out one or more of the following activities:

- (a) Identifying the training needs of multiple businesses in the targeted industry, including:
 - 1) needs for skills critical to competitiveness and innovation in the industry;
 - 2) needs of the apprenticeship programs or other work-based learning programs supported by the grant; and
 - 3) needs for the usage of career pathways.
- (b) Developing and improving training programs that provide skills-based training for the industry cluster.
- (c) Conducting outreach to SDA-eligible individuals to encourage enrollment in training programs.
- (d) Establishing a pathway navigator program to assist workers in assessing training options and career pathways.
- (e) Assisting employers in implementing skills-based hiring practices.
- (f) Collecting data on the benefits to employers of using skills-based hiring.
- (g) Carrying out other activities to support both industry engagement in, and worker access to and success in, training programs and employment.

The grantees shall submit exhaustive reports to the Director-General on the use of funds in accordance with this Act. The Director-General shall prepare and submit to Congress a report on the geographic distribution (including distribution to urban, suburban, and rural areas) of grants and subgrants awarded under this Act.

SEC. 11. *SkillDev Trainings Clearinghouse.* – The Director-General shall maintain a Career One Stop Shop website in a manner that ensures the website includes the information and features described in this section, as follows:

- (a) *SkillDev Account Portal.* The website shall contain a portal, for the use of individuals who are eligible for SDAs under Section 4 of this Act to request those accounts;
- (b) *List of Approved Training Providers.* The website shall contain the lists of eligible providers of training services;
- (c) *Information on Programs of Training Services.* The website shall contain, for each program of training services:
 - 1) the demographics, such as the sex, ethnicity, median age, and education level, of participants in the program;
 - 2) performance, particularly employment placement performance, of the service provider;
 - 3) the cost of attendance, including costs of tuition and fees for additional programs not covered by the SDA, for participants in the program.

- (d) *Tools for Eligible Individuals.* The website shall contain tools to enable individuals who are eligible to receive such training services to compare performance data across programs of training services, providers of such services, and government agencies. The website shall also contain an assessment tool that recommends a selection of training programs for the eligible individual based on their area of residence, level of qualification, financial capability, eligibility under Section 7 of this Act, available financial assistance programs and grants, and other information relevant to facilitating the eligible individual's use of the SDA.
- (e) *Resources for Providers of Training Services.* The website shall contain resources for providers of training services.
- (f) *Resources for Industry Partners.* The website shall contain resources for industry representatives and chambers of commerce who may be interested in collaborating with SkillDev.

The Secretary of Labor and Employment may also collaborate with the Director-General to provide content relevant to the mandate of the DOLE.

There is authorized to be appropriated to carry out this section such sums as may be necessary.

SEC. 12. *Implementing Rules and Regulations.* – The Director-General, with the Secretary of Labor and the Secretary of Trade and Industry, and in consultation with industry associations, local chambers of commerce, labor unions and organizations, cooperatives and other relevant stakeholders, shall issue the rules and regulations necessary for the implementation of this Act within ninety (90) days upon the implementation of this Act.

SEC. 13. *Separability Clause.* – If any part or provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 14. *Repealing Clause.* – All laws, decrees, orders, rules, and regulations inconsistent with the provisions of this Decree are hereby repealed or modified accordingly.

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

Approved,