

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session



HOUSE BILL NO. 979

Introduced by Honorable Mark O. Go

EXPLANATORY NOTE

According to the latest figures released by the PSA, unemployment in the country is slowly stabilizing, falling down to 5.8% in March from 6.4% in both January and February of this year.

PSA data also shows that of the country's unemployed, 26.7% are actually college graduates, 39.5% are either undergraduate or graduate of junior high school or the old curriculum, and 3.8% are senior high school graduates.

With the adoption and implementation of the K-12 system, we hoped to train our learners, particularly those enrolled under the technical-vocational strand, such that they will already be job ready by the time they graduate from senior high school. Actual figures however show that the country's unemployed is in fact composed mostly of the educated sector.

Job-skills mismatch has been one of our long-time challenges in developing the country's employment situation and in optimizing the skills, talents, and competencies of our working class. It also is a crucial concern in the proper utilization of the country's budget that goes into the education sector. Education and employment maintain a very intimate relationship. Particularly with the policy of universal education access to free tertiary education, it is imperative that the country ensures that the education system timely and adequately responds to the changing demands of industries and the labor market.

In 2016 the Philippine Institute of Development Studies released a study entitled, *Are Higher Education Institutions Responsive to Changes in the Labor Market*. The results of the study show that there is shortage in college graduates in the fast-growing service sectors. According to the study, our education curriculum is no longer responsive to the demands of industries and businesses operating in this global economy, and as a result, our graduates are unable to land jobs and occupations in line with the degrees they finished. As observed in the study, CHED has consistently encouraged incoming students to enroll in courses like agriculture, engineering, science and math, IT, teacher education, and health sciences. However, it can be observed that in reality, 1 in 4 college graduates finishes a degree in Business Administration. Meanwhile, only 3% of graduates studied agriculture. A study

conducted by the International Labor Organisation on the labor sector in our country, even shows that as an individual receives higher education, or gain more skills, he tends to prefer to remain unemployed rather than take up just any kind of employment.

According to a separate study of PIDS, there are four observed difficulties in producing the appropriate manpower and skills. First, there is no one-to-one correspondence between courses and jobs, such that an engineer's involvement in an enterprise is not constrained to the stages of production only, but he can also be part of management. The second observation is that current indicators are not specific enough. Unemployment rate alone is a very crude measure. Skills and competencies of the people, their reasons for not landing jobs, and the demands of the industries that prevail must also be considered. Third observation is the rapid change in technology. The pace by which new technologies, and new methodologies, are being developed is unprecedented. According to the PIDS, in many cases, by the time students graduate, half of what they learned in school is already obsolete. Fourth and last is skill production lag. In order to keep applicants abreast with up-to-date and relevant skills and competencies, they would need to undergo continuous trainings and learning programs, and these require adequate time and resources.

Furthermore, with the emergence of the Fourth Industrial Revolution, the labor market consequently is bound to evolve, and will require skills and competencies different from the demands of today. A study from employment platform LinkedIn shows that an average of 71 percent of the total task across 12 industry sectors was performed by humans back in 2018, this figure however is expected to be reduced to just 58 percent in 2022 because of the technological breakthrough. Consistent with this finding, a study from Mckinsey Quarterly showed that currently demonstrated technologies could automate 45 percent of the activities people are now paid to perform.

In order to address these observations, this bill seeks to create a Tripartite Council composed of representatives from the government, academe and industry sector that will formulate and implement policies and relevant programs specific to job-skills mismatch. Creating a multi-sectoral council will allow educational institutions a better understanding of the labor market. This will help identify where the jobs are, and what skills and competencies are required to fill these vacancies. It would focus not only in ensuring that graduates were able to land jobs, but more so on whether they were able to truly utilize their particular set of skills and competencies. It would help the country identify the specific industry needs in terms of manpower requirements, and develop policies that would direct the youth towards these fields of study and profession. There must be established open and continuous communication lines between learning institutions and the business sector in order to sustain a mutually edifying symbiotic relationship between them. The synergy created would hopefully yield updated curricula, development of standards and industry practices, and increased productivity among others.

In view of the foregoing, the approval of this measure is earnestly sought,



MARK O. GO

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House Bill No. **979**

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AN ACT
CREATING A TRIPARTITE COUNCIL TO ADDRESS THE JOB-SKILLS MISMATCH, UNEMPLOYMENT, AND UNDEREMPLOYMENT IN THE COUNTRY, AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. Declaration of Policy. – It is declared the policy of the State to promote the sustained development of a skilled citizenry and maintain a reservoir of national talents consisting of Filipino scientists, entrepreneurs, professionals, managers, high-level technical manpower, and skilled workers and craftsmen in all fields. Skills development can reduce unemployment and underemployment, increase productivity, and improve the standards of living.

To this end, the State shall ensure the relevance and adequacy of academic courses in the higher education curriculum and training programs offered in technical-vocational institutions in relation to the needs and requirements of the business and industry sectors and the over-all human resource requirement of the country pursuant to its economic development goals.

SEC. 2. Creation of a Tripartite Council. - There is hereby established a Tripartite Council, hereinafter referred to as the Council, that shall formulate policies and programs to address the job-skills mismatch in the country. It shall be a coordinating body among the government, academe and industry sectors to primarily monitor economic trends in the global and domestic markets, including those pertaining to business and commerce and the local labor market, and to generate information relative to employment, unemployment, underemployment, and job-skills mismatch.

The Council shall be attached to the Commission on Higher Education (CHED) for administrative and budgetary purposes.

The Council shall be chaired by a CHED Commissioner while the Technical Education and Skills Development Authority (TESDA) Deputy Director-General shall sit as Vice Chairperson. Its members shall be composed of representatives from the government, academe and industry sectors.

The government representatives shall be composed of the following: CHED Commissioners; Deputy Director-General of the TESDA; and Undersecretaries of the Department of Education (DepEd), Department of Labor and Employment (DOLE) and the Department of Trade and Industry (DTI).

The representatives of the academe shall be the presidents of the federations of public and private higher education institutions (HEIs), public and private technical-vocational institutions (TVIs), and accreditation bodies of higher and technical-vocational educational institutions, which include the following: Philippine Association of State Colleges and Universities; Association of Local Colleges and Universities; Coordinating Council of Private Educational Associations; Technical-Vocational Schools and Associations of the Philippines; National Network of Quality Assurance Agencies; and the Federation of Accrediting Agencies of the Philippines, among others.

The representatives of the industry sector shall be the presidents of the following business and industry federations: Employers Confederation of the Philippines; Makati Business Club; Semiconductor and Electronics Industries in the Philippines Foundation, Incorporated; Information Technology and Business Process Association of the Philippines; Philippine Business for Education; Management Association of the Philippines; Philippine Business for Social Progress; and the People Management Association of the Philippines.

The members of the Council, except for the *ex officio* members, shall receive per diem every meeting in accordance with existing rules and regulations.

The CHED shall provide a secretariat to the Council to be manned by the organic personnel of the CHED and may be augmented by the employees from the member-agencies of the Council through detail or secondment.

SEC. 3. Powers and Functions of the Council. – The Council shall have the following specific powers and functions:

- a) Monitor the trends in the labor market, both domestic and international, and the issues surrounding it, such as unemployment, underemployment and job-skills mismatch in the country;
- b) Formulate and implement short-term and long-term policies, plans and programs that shall address job-skills mismatch, unemployment, and underemployment;
- c) Conduct an inventory, review and evaluation of courses, academic programs and curricula of public and private HEIs and training programs in TVIs;
- d) Conduct an assessment of qualifications, skills and competencies of students and graduates of higher education courses and technical-vocational education and training or TVET;
- e) Conduct an inventory of job specifications and skills requirement of various industries;

- f) Recommend to the President of the Philippines, Congress and other government institutions policy measures that need to be undertaken in addressing the problems of unemployment, underemployment and job-skills mismatch;
- g) Hold regular quarterly meetings; and
- h) Perform such other functions as may be necessary for its effective operation to achieve the mandate of this Act.

SEC. 4. *Annual Report and Assessment.* – The Council shall issue its annual report containing the status of employment of college students and new graduates, as well as an assessment of the trends in the labor market and the skills required by the various industries and business establishments.

SEC. 5. *Appropriations.* – The amount necessary for the implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 6. *Implementing Rules and Regulations.* - Within ninety (90) days after the effectivity of this Act, the CHED shall, in coordination with the TESDA, DepEd, DTI and DOLE, as well as other education stakeholders, issue the necessary rules and regulations for the effective implementation of this Act.

SEC. 7. *Separability Clause.* - If, for any reason, any portion or provision of this Act shall be held unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 8. *Repealing Clause.* - All laws, presidential decrees, executive orders, rules and regulations, issuances or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

SEC. 9. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,