

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**NINETEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 4717**



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Introduced by **HON. LUIS RAYMUND “LRAY” F. VILLAFUERTE, JR.,  
HON. MIGUEL LUIS R. VILLAFUERTE, HON. TSUYOSHI ANTHONY “HORI” G.  
HORIBATA AND HON. NICOLAS “NICK” C. ENCISO VIII**

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**EXPLANATORY NOTE**

The Local Government Code has duly empowered local government units (LGUs) to establish and operate specific education institutions. Sections 447, 458 and 468 of Republic Act 7160 empower municipalities, cities, and provinces, respectively to –

“provide for the establishment and operation of vocational and technical schools and similar post-secondary institutions; and, with the approval of the Department of Education, Culture and Sports (DECS) and subject to existing laws on tuition fees, fix reasonable tuition fees and other school charges in educational institutions, subject to the availability of funds and to existing laws, rules and regulations.”

By virtue of the aforementioned provision, colleges and universities fully run and subsidized by LGUs have mushroomed across the country, offering both academic and non-academic programs. This has allowed the State to extend affordable education to its citizens, including those residing outside Metro Manila.

While it is the paramount duty of the State to protect and promote the right of all citizens to quality education<sup>1</sup>, it does not begin and end with the establishment of these educational institutions. The State must ensure that these schools consistently meet two (2) important criteria. First, they have to provide quality education fully compliant with the standards of the Commission on Education (CHED). Second, these schools must be administratively sound as they run primarily on government resources. This bill is hereby proposed to ensure that the aforementioned standards are satisfied.

Under the proposed bill, educational institutions subject to the review, monitoring, and visitorial jurisdiction of CHED are identified and specified. It also explains the uniform process of establishing Local Higher Education Institutions (HEI) or Local Universities/Colleges (LUC). Other provisions of the bill duly differentiate colleges from universities, and set the required capacities and terms needed in order to transition from one to the other. Finally, the bill provides for the leadership structure of these HEI/LUCs, and the duties and powers of the Board.

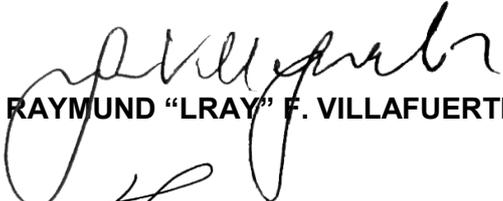
One of the key policies of the Constitution is local autonomy or the decentralization of power to the LGUs, enabling them to extend social services, like education, to their constituents.

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<sup>1</sup> Article XIV, Sec. 1., 1987 Constitution

Consequently, it requires the LGUs utmost accountability and reasonable diligence in the exercise of its mandate to prevent the wastage of government funds and frustration of the public.

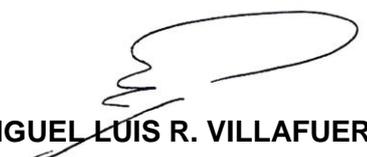
In light of the foregoing premises, we earnestly seek the passage of this bill.



**LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**



**TSUYOSHI ANTHONY "HORI" G. HORIBATA**



**MIGUEL LUIS R. VILLAFUERTE**



**NICOLAS "NICK" ENCISO VIII**

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AN ACT  
PROVIDING GUIDELINES FOR THE ESTABLISHMENT AND OPERATION OF  
LOCAL COLLEGES AND UNIVERSITIES, AND FOR OTHER PURPOSES

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

**SECTION 1. *Short Title.*** This Act shall be known as the “*Local Colleges and  
Universities Governance Act.*”

**SECTION 2. *Declaration of Policy.*** It is the policy of the State to protect and  
promoted the right of all citizens to quality education at all levels and to take  
appropriate steps to make education accessible to all. In doing so, the State shall  
establish, maintain and support a complete, adequate, and integrated system of  
education relevant to the needs of the people and society and that it shall take into  
account regional and sectoral needs and the conditions and shall encourage local  
planning in the development of educational policies and programs.

**SECTION 3. *Definition of Terms.*** As used in this Act, the terms enumerated herein  
shall have the following meaning:

- a) *Local Higher Education Institutions (HEI)/ Local College of University (LUC)*  
– refers to a public HEI established by a local government unit through an  
establishing ordinance, and financially supported by the concerned local

government units. In Filipino, an LUC is referred to as ‘Dalubhasaan’ for college and “Pamantasan” for university.

- b) *Ordinance* – refers to the enabling Act of the *Sangguniang Panglunsod or Panlalawigan* that creates a particular LUC and serves as the character of the said LUC.
- c) *Degree Program* – refers to the collection of all courses in a field of study leading to an undergraduate or graduate degree, and may also be referred to as academic program.
- d) *Non-Degree Program* – refers to a post-secondary academic and vocational program below the bachelor’s degree.
- e) *Local Government Unit or LGU* – refers to municipalities, cities and provinces that created or established the LUC.
- f) *College or Dalubhasaan* – refers to an HEI offering academic programs and usually pre-professional training leading to a bachelor’s degree.
- g) *University or Pamantasan* – refers to an institution made up of an undergraduate division that offers bachelor’s degree and graduate division that comprises a graduate school and professional schools each of which may confer master’s and doctorate degrees. It is an entire socio-physical infrastructure comprised of schools, colleges and institutes offering degree programs in various disciplines and levels.

**SECTION 4. Coverage.** The provisions of this Act shall apply to:

- a) New HEIs to be established and operated by LGUs by virtue of local governance;
- b) HEIs to be established and operated by LGUs offering non-degree programs but would eventually offer degree programs;

- c) Local colleges proposing reclassification as college, professional institutions or universities; and
- d) Existing LUCs which have not met the standards of the Commission on Higher Education (CHED) prescribed in this Act.

**SECTION 5. *Establishment and Operation of Local HEIs by LGUs.*** A local HEI, to be known as a local college or *dalubhasaan*, shall be established and operated by an LGU through an ordinance duly enacted for that purpose by the Sanggunian concerned: *Provided*, that before the enactment of the said ordinance, the LGU establishing a local college shall consult and coordinate with the CHED to ensure observance of pertinent policies and standards promulgated by the CHED and compliance with the necessary requirements for the establishment and subsequent effective operation of the local college.

The local HEI established by the LGUs shall be given a period of four (4) years to comply with the applicable criteria established by the CHED for the grant of college or university status. Should CHED determine that the local HEI has not complied with the applicable criteria despite the four-year period provided herein, the status granted under this Act shall be automatically revoked. The CHED, through its regional office, shall actively monitor and provide technical assistance to the local HEI in compliance with the requirements of the Commission.

No new local HEI shall be established immediately as a local university or *pamantasan*. A local HEI established by an LGU shall be known as a local college or *dalubhasaan*.

A local college may subsequently apply for elevation to a university: *Provided*, That it has complied with the standards and guidelines for the grant of university status pursuant to pertinent CHED rules and regulations and that it has followed the appropriate process of accreditation conducted by a reliable accreditation body which found the college prepared to be elevated into a university: *Provided further*, That a local college, upon conversion into a local university, shall continue to be operated by the concerned LGU in coordination with the CHED.

Local educational institutions offering only non-degree programs shall not use “College” or “University” in its name unless they would eventually offer degree programs and have complied with the requisites provided for the establishment of a college or the grant of university status under the CHED rules and regulations: *Provided*, That educational institutions which have been using the name “college” or “university” prior to the passage of this Act shall be allowed to retain the name: *Provided further*, That said educational institutions shall be given a grace period by the CHED to comply with the requirements for the status of “college” or “university” to make them worthy of their name.

**SECTION 6. Authority to Grant “University” Status.** The proposal for elevation to “University” status shall be submitted to the Office of Programs and Standards, CHED Central Office, through the CHED Regional Office, for review. Only the Commission *en banc* shall grant the “University” status upon compliance with the requirements.

**SECTION 7. Monitoring and Visitorial Powers.** – Pursuant to the provisions of Republic Act 7722, all LUCs are subject to the inspection and evaluation of CHED.

**SECTION 8. Compliance with CHED Requirements.** – All existing LUCs must comply with the requirements of the CHED within eight (8) years from the effectivity of this Act. The CHED shall grant full university status upon application of the local college and only upon full compliance with the requirements.

**SECTION. 9. Benefits and Compliance.** – All LUCs which shall comply with CHED requirements shall enjoy the following benefits:

- a) Special order to graduate from CHED, thereby enabling the graduates of LUCs to take licensure examinations given by the Professional Regulation Commission, and civil service examinations given by the Civil Service Commission;
- b) Inclusion in the Directory of CHED-recognized Philippine Universities and College;

- c) Quality assurance support from CHED, if qualified, pursuant to the CHED rules; and
- d) Acceptance of foreign students subject to compliance with the requirements of competent regulatory agencies.

**SECTION 10. *Governing Board of a Local College or University.*** – The governing board of a college or *dalubhasaan* shall be its Board of Trustees (BOT) while the governing board of a university or *Pamantasan* shall be its Board of Regents (BOR). The governing board of an LUC, hereinafter referred to as the Board, shall be composed of the following:

- a) Local Chief Executive or his duly designated representative, as chairperson;
- b) CHED Chairperson or his duly designated representative, as co-chairperson;
- c) President of the LUC, as vice-chairperson;
- d) Chairperson of the House Committee on Higher and Technical Education as member;
- e) Chairperson of the Senate Committee on Education, Culture and the Arts, as member;
- f) President of the duly recognized faculty association of the LUC, as member;
- g) President of the duly recognized student council of the LUC, as member;
- h) President of the alumni association, as member;
- i) Division Superintendent of the Department of Education (DepEd), as member; and

- j) Two (2) representatives from the private sector who have distinguished themselves in their profession or field of specialization and are *bona fide* residents of the community where the LUC is located, as members.

One of the two (2) representatives from the private sector shall come from the business industry sector. They shall be appointed by the local chief executive and shall serve for a term of two (2) years from the date of their respective appointments.

The terms of office of the president of the faculty association, the president of student council, and the president of the alumni association shall be co-terminous with the respective terms of office pursuant to their respective constitutions and by-laws.

**SECTION 11. Powers of the Board.** – The Board shall promulgate policies on education, science and technology, arts, culture and sports, as well as policies, standards and thrusts in accordance with the declared state policies on higher education, such as Republic Act No. 7722 or the “Higher Education Act of 1994” and other pertinent laws, as well as the principle of local autonomy enshrined in Republic Act No. 7160 or the “Local Government Code of 1991.”

The CHED, in the issuance of academic policies and standards affecting LUCs, shall take into account the different characteristics and the distinct features of the LUCs, their organizational set-up, and their operation: *Provided*, That the CHED shall, at all times, devise ways and practices that will ensure that LUCs will remain committed to the delivery of quality education to its students.

The Board shall have the following specific powers and duties, in addition to its general powers of administration and the exercise of all powers granted to the board of directors of a corporation under Section 36 of the Batas Pambansa Blg. 68, otherwise known as the Corporation Code of the Philippines:

- a) To enact rules and regulations not contrary to law as may be necessary to carry out the purposes and functions of the LUC;

- b) To receive and appropriate all sums, as may be provided, for the support of the university or college in the manner it may determine, and its discretion to carry out the purposes and functions of the LUC;
- c) To receive in kind and in trust legacies, gifts, and donations of real and personal properties of all kinds, to administer and dispose the same when necessary for the benefit of university or college, subject to limitations, discretions, and instructions of the donors, if any. Such donations shall be exempt from all taxes and shall be considered as deductible items from the income tax of the donor;
- d) To fix the tuition fees and other school charges, such as but not limited to matriculation fees, graduation fees, and laboratory fees, as the Board may deem proper to impose after due consultations with the involved sectors; *Provided*, that these fees will not be prohibitive or unreasonable as to deviate from the purpose for which the LUCs are created.

Such fees and charges, including government subsidies and other income generated by the LUC, shall constitute a special trust fund and shall be deposited in any authorized government depository bank, and all interests that shall accrue therefrom shall form part of the same fund for the use of the LUC.

Any provision or existing laws, rules and regulations to the contrary notwithstanding, any income generated by the LUC from tuition fees and other charges, as well as from the operation of auxiliary services and land grants, shall be retained by the LUC, and may be disbursed by the Board for instruction, research, extension services, or other programs/projects of the LUC: *Provided*, that all fiduciary fees shall be disbursed for the specific purpose for which they are collected.

If, for reason of control, the university or college shall be able to pursue any project for which funds have been appropriated and allocated under its approved program of expenditures, the Board may authorize the use of said

funds for any reasonable purpose which, in its discretion, may be necessary and urgent for the attainment of objectives and goals of the LUC;

- e) To adapt and implement a socialized scheme of tuition and school fees for greater access to poor but deserving students;
- f) To authorize the construction or repair of its building, machineries, equipment, and other facilities, as well as the purchase and acquisition of real and personal properties, including necessary supplies, materials, and equipment. Purchase and other transactions entered into by the LUC through the Board shall be exempt from all taxes and duties, subject to applicable BIR (Bureau of Internal Revenue) rules and regulations;
- g) To appoint, upon the recommendation of the search committee created by the Board, vice presidents, deans, directors, heads of departments, faculty members and other officials and employees.
- h) To fix and adjust salaries of faculty members and administrative officials and employees, subject to the provisions of the revised compensation laws governing hours of service, and such other duties and conditions as it may deem proper; to grant them, at its discretion, leaves of absence under such regulations as it may promulgate, any provisions of existing law to the contrary notwithstanding; and to remove for cause in accordance with the requirements of due process of law;
- i) To approve the curricula and institutional programs of the institution: *Provided*, That it conforms to the CHED guidelines;
- j) To approve rules of discipline for the administrative and academic staff of the college or university to ensue orderly and effective governance thereof;
- k) To set policies on admission and graduation of students: *Provided*, That it conforms to the CHED guidelines;

- l) To award honorary degrees upon persons in recognition of outstanding contribution in the field of education, public service, arts, science and technology or any field of specialization within the academic competence of the university or college and to authorize the certificate of completion of non-degree and non-traditional courses; *Provided* that these conform with the applicable guidelines of the CHED;
- m) To establish research and extension centers of the LUC where such will promote the development of the latter;
- n) To establish chairs in the LUC and to fellowships for qualified faculty members and scholarships to deserving students;
- o) To adopt a tuition scheme that shall prescribe a different rate of fees for students who are residents of the area or LGU where the LUC is located and for those who are non-residents;
- p) To delegate any of its power and duties for the hereinabove to the president and/or other officials of the LUC as it may deem appropriate so as to expedite the administration of the affairs of the university or college;
- q) To authorize an external management audit of the institution, to be coordinated with CHED, and to institute reforms, including academic and structural changes, on the basis of the audit results and recommendations;
- r) To enter into joint ventures with business and industry for the profitable development and management of the economic assets of the college or university, the proceeds from which, shall be used for the development and strengthening of the LUC;
- s) To develop consortia and other forms of linkages with the LGUs, institutions, and agencies, both public and private, local and foreign, in furtherance of the purposes and objectives of the institutions;

- t) To develop academic arrangements for institution capability building with appropriate institutions and agencies, public or private, local or foreign, and to appoint experts/specialists as consultants, or visiting or exchange professors, scholars, researchers, as the case may be;
- u) To set up the adoption of modern and innovative modes of transmitting knowledge such as the use of information technology, the dual system, open learning, community laboratory, etc., for the promotion of greater access to education within the institution;
- v) To establish policy guidelines and procedures for participative decision making and transparency within the institution;
- w) To privatize, where most advantageous to the institution, management of the non-academic services such as health, food, building or grounds or property maintenance and similar objectives; and
- x) To extend the term of the president of the LUC beyond the age of retirement, but not later than the age of seventy (70)m whose performance has been unanimously rated as outstanding, and upon unanimous recommendation by the search committee for the president of the institution concerned.

**SECTION 12. *Administration of the LCU.*** – The administration of the LCU shall be vested in the President who shall render full-time service to implement policies promulgated by the Board. He/She shall be appointed by the Board upon the recommendation of a search committee duly constituted by the Board.

The President of the LUC shall have a term of five (5) years and shall be eligible for reappointment for another term, unless otherwise provided for in the ordinance creating the LUC.

The President must have an appropriate earned Master's degree, management expertise, and at least five (5) years of relevant administrative experience, without

prejudice to the provisions of additional qualifications to be set by the governing board of the LUC.

In case of vacancy in the Office of the President by reason of death, compulsory retirement, resignation, removal for cause or incapacity of the President to perform the functions of his/her office, the Board shall have the authority to designate an officer-in-charge of the LUC, within a period of six months to one year, pending the appointment of a new President.

The powers and duties of the President of the LUC, in addition to those especially provided in this Act, shall be those usually pertaining to the Office of the President of other colleges, and those delegated by the Board. The salary of the President of the LUC shall be set by the Board, taking into consideration the applicable civil service rules and regulations and ensuring that the same be comparable to that being received by the presidents of similar educational institutions.

**SECTION 13. *Search Committee for President of the LUC.*** – Six (6) months before the expiration of the term of office of the incumbent President, the Board shall appoint a Search Committee for President of the LUC. The Search Committee shall conduct the search in accordance with the procedure and criteria established by the CHED.

The Search Committee shall have five (5) members to be appointed by the Board. The composition of the Search Committee shall include a representative from the LGU concerned, the academe, the Association of Local Colleges and Universities (ALCU), the faculty, and the business sector. They shall elect a Chairperson and Vice-Chairperson and Vice-Chairperson from among themselves.

**SECTION 14. *The Administrative Council.*** – An Administrative Council may be created, which shall consist of the President of the LUC as Chairperson vice-presidents, deans, directors and other officials of equal rank as members, whose duty is to review and recommend to the Board policies governing the administration, management and development planning of the LUC.

**SECTION 15. *The Academic Council.*** – An Academic Council may be created, which shall be composed of the President of the LUC, who shall act as Chairperson, and all academic staff with the rank of at least an assistant professor, as members.

The Academic Council shall have the power to review and recommend the curricular offerings and rules of discipline of the LUC, subject to the approval of the Board. It shall fix the requirements for the admission of students, as well as for their graduation and conferment of degrees, subject to review and approval by the Board through the President of the LUC. It shall have the disciplinary power over students of the LUC and shall formulate academic policies, rules and regulations on the discipline, subject to the approval of the Board.

**SECTION 16. *Academic Freedom.*** – Pursuant to paragraph 2, Section 5 of Article XIV of the Constitution of the Republic of the Philippines, all institutions of higher learning, public or private, shall enjoy academic freedom and institutional autonomy.

**SECTION 17. *Appropriation for LUCs.*** – There shall be a provision for the regular annual appropriation from the LGU to support and sustain the operation of the LUC.

**SECTION 18. *Implementing Rules and Regulations.*** – The CHED, in coordination with the Department of Interior and Local Government (DILG) and the ALCU, shall promulgate the implementing rules and regulations as may be necessary to carry out the provisions of this Act within sixty (60) days from the effectivity of this Act.

**SECTION 19. *Exclusion Clause.*** – The Act shall apply to all LUCs duly created by their ordinances enacted for that purpose, except for the Pamantasan ng Lungsod ng Maynila (PLM), which was created by virtue of Republic Act 4196. However, in so far as faculty qualification, curriculum and instruction, and facilities are concerned, the PLM shall be governed by this Act.

**SECTION 20. *Exclusion Clause.*** – If any provision of this Act is declared unconstitutional or invalid, the remaining provisions which are not affected thereby shall continue to be in full force and effect.

**SECTION 21. *Repealing Clause.*** – All laws, presidential decrees or issuances, executive orders, rules and regulations or parts thereof contrary to or inconsistent with the provisions of this Act are hereby repealed, modified or amended accordingly.

**SECTION 22. *Effectivity Clause.*** – This Act shall take effect fifteen days (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

*Approved,*