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Congress of the Philippines
Metro Manila
Sixteenth Congress
Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand fifteen.

[REPUBLIC ACT NO. 10919]

AN ACT ESTABLISHING THE UNIVERSITY OF SCIENCE AND TECHNOLOGY OF SOUTHERN PHILIPPINES (USTSP), PROVIDING FOR THE PURPOSE THE AMALGAMATION OF THE MINDANAO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MUST) AND THE MISAMIS ORIENTAL STATE COLLEGE OF AGRICULTURE AND TECHNOLOGY (MOSCAT), AND APPROPRIATING FUNDS THEREFOR

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 "University of Science and Technology of Southern Philippines (USTSP) Act".

SEC. 2. *Declaration of Policy.* – It is the declared policy of the State to establish, maintain, and support a complete, adequate and integrated system of higher education relevant to the needs

of the people and society, with primary focus on research and development for science and technology.

SEC. 3. *Definition of Terms.* – As used in this Act:

(a) *Auxiliary services* refer to all kinds of services done and rendered by the USTSP other than academic, such as hospital, dental clinic, cafeteria, janitorial, printing press and bookstore;

(b) *Board of Regents* refers to the highest policy-making body of the USTSP;

(c) *Community laboratory* refers to a community adopted by a chartered state university and/or college (SUC) as part of its extension program where research and civic services are conducted by its students and/or faculty;

(d) *Duly recognized faculty association* refers to the association of the faculty members or the instructional staff of the USTSP or the federation of faculty associations of the Mindanao University of Science and Technology (MUST) and the Misamis Oriental State College of Agriculture and Technology (MOSCAT) and other SUCs which may later opt to amalgamate with the USTSP and which has been extended due recognition by its Board of Regents to be its legitimate and lawful faculty association, as manifested by the ratification of two-thirds (2/3) of its members;

(e) *Duly recognized alumni association* refers to the association of the alumni of the MUST and the MOSCAT and other SUCs which may later opt to amalgamate with the USTSP, preferably from their tertiary level programs, and which has been extended due recognition by its Board of Regents to be the legitimate and lawful organization of its alumni;

(f) *Extension campus* refers to the campus that responds to special needs and demands but does not have an administrative structure separate from that of the main campus;

(g) *Instruction* refers to the set of activities or practices which shall include the following: classroom teaching and learning; supervision and assessment of classroom teaching and learning; curriculum development; staff professional development such as attendance in conferences, seminars, workshops, educational trips or visits; and other related activities which enhance the instructional function of the USTSP;

(h) *Non-chartered tertiary institutions* refer to all public institutions of higher learning in the Philippines primarily offering degree-granting programs, including post-secondary degree-granting vocational and technical educational institutions duly recognized by the Commission on Higher Education (CHED), but which are not covered by enabling laws;

(i) *Socialized scheme of tuition and other instructional fees* refers to a scheme or pattern where the rate of tuition and instructional fees are collected on the basis of family income and/or socioeconomic status of the student, such that the less-economically privileged students shall pay lesser fees than students who are more financially able to afford the cost of formal education; and

(j) *Special trust fund* refers to the total amount collected by the USTSP, either from the collection of fees and other charges from students or the collection from income-generating activities of the USTSP.

SEC. 4. *Coverage.* – This Act shall apply to and cover all colleges and units, academic or nonacademic of the MUST and the MOSCAT now collectively known as the USTSP, including the MUST campuses in Cagayan de Oro City, Jasaan, Misamis Oriental, and Alubijid, Misamis Oriental and the MOSCAT campus in Claveria, Misamis Oriental, the former Balubal Community College in Balubal, Cagayan de Oro City, and all other USTSP campuses that shall be established in the future. The main campus of the USTSP shall be in Alubijid, Misamis Oriental.

SEC. 5. *General Mandate.* – The USTSP, hereinafter referred to as the University, shall provide advance education, higher technological, professional and advance instruction in mathematics, science, technology, engineering, agriculture, and advance research and extension work in human resource development in critical science and technology skills and competencies required for global competitiveness.

SEC. 6. *Curricular Offerings.* – The University shall offer undergraduate, graduate, and postgraduate courses in the fields of mathematics, science and technology, engineering, and agriculture.

The University, however, shall be allowed to maintain and offer high school education with concentration in science and technology that will serve as feeder schools to science and technology courses of the University: *Provided*, That the total number of high school students in a given year shall not exceed five hundred (500).

SEC. 7. *Administration.* – The University shall have the general powers of a corporation set forth in Batas Pambansa Blg. 68, as amended, otherwise known as "The Corporation Code of the Philippines". The administration of the University and the exercise of its corporate powers shall be vested exclusively in the Board of Regents and the President of the University who must render full-time service.

The powers and duties of the President of the University, in addition to those specifically provided under this Act, shall be those usually pertaining to the Office of the President of similar universities and those delegated by the Board of Regents.

The administration of the Claveria Campus and the Cagayan de Oro Campus of the University is vested in the Chancellor of the campus insofar as authorized by the Board of Regents.

SEC. 8. *Governing Board.* – The governing board of the University shall be the Board of Regents, hereinafter referred to as the Board, which shall be composed of the following:

- (a) The Chairperson of the CHED, Chairperson;
- (b) The President of the University, Vice Chairperson;
- (c) The Chancellors of Cagayan de Oro and Claveria Campuses, members;
- (d) The Chairperson of the Committee on Education, Arts and Culture of the Senate, member;
- (e) The Chairperson of the Committee on Higher and Technical Education of the House of Representatives, member;
- (f) The Director-General of the National Economic and Development Authority (NEDA), member;
- (g) The Secretary of the Department of Science and Technology (DOST), member;
- (h) The President of the federation of faculty associations of the University, member;
- (i) The President of the federation of student councils of the University, member;
- (j) The President of the federation of alumni associations of the University, member;
- (k) Four (4) prominent Chief Executive Officers (CEOs) of duly recognized national or multinational corporations who have distinguished themselves in the fields of specialization of the University or who have entered into a partnership with the University, members; and
- (l) Two (2) prominent academicians in the Philippines who have distinguished themselves in the fields of specialization of the University through their publication and track record in research.

The President of the Philippines shall appoint the four (4) prominent CEOs of national or multinational corporations and the two (2) prominent academicians from among a list prepared by the University President, in consultation with the Chairperson and other members of the Board, based on the standards and qualifications for the position.

The President of the federation of faculty associations, the President of the federation of student councils and the President of the federation of alumni associations shall serve in the Board only for the duration of their respective terms of office, as set forth in their respective constitutions and bylaws.

The four (4) prominent CEOs of national or multinational corporations shall serve for a term of four (4) years from the date of appointment while the two (2) prominent academicians shall serve for a term of two (2) years and may be reappointed by the President of the Philippines for another term.

SEC. 9. Rights and Responsibilities of Board Members. – The members of the Board shall have all the rights and responsibilities of a regular member of the Board as set forth in Batas Pambansa Blg. 68, as amended, otherwise known as "The Corporation Code of the Philippines".

The right of the students, faculty members and alumni presidents to be represented in the Board shall automatically rise from their election and qualification into their respective offices as student regent, faculty regent and alumni regent.

The private sector representatives must take their oaths of office as hereinafter provided for before they could assume as members of the Board.

SEC. 10. Representatives of Board Members Coming from the Government. – If the Chairpersons of the Senate Committee on Education, Arts and Culture and the House Committee on Higher and Technical Education, as well as the Secretaries of the NEDA and the DOST, are unable to attend any regular

meeting or special session of the Board, they may designate in writing their representatives to the meeting which the designees shall present to the Board Secretary before the start of the meeting: *Provided*, That the NEDA and the DOST shall be represented by their respective Regional Directors. They shall be entitled to seat, voice and vote.

SEC. 11. *Selection, Appointment and Qualifications of the Four (4) CEOs of National or Multinational Corporations and the Two (2) Prominent Academicians.* – A search committee shall be formed and constituted by the President of the University, in consultation with the Chairperson of the Board. The search committee shall take charge of recruiting, consulting with potential candidates and recommending to the President of the University and the Chairperson of the Board at least six (6) prominent CEOs of private corporations and four (4) prominent academicians for possible appointment by the President of the Philippines as members, representing the national or multinational sector, and the academe. The search committee shall conduct a thorough background check of the candidates.

The search committee to be formed and constituted by the President of the University and approved by the Board Chairperson shall have five (5) members who shall elect from among themselves their Chairperson.

The members of the Board representing the private sector shall be Filipino citizens: *Provided*, That should a CEO be of foreign nationality, the CEO shall be represented by a Filipino member of the corporation. Upon appointment, they shall assume office after taking their oaths before the Chairperson of the Board or the Chairperson's duly designated representative.

SEC. 12. *Terms of Office.* – The Chairperson/President/ Head of faculty and alumni associations and the Student Regent shall serve in the Board only for the duration of their terms of office as set forth in their respective constitutions and bylaws: *Provided*, That in the event that the student representative loses status, either by graduation from the University, dismissal, transfer to another school, or other causes, a student representative shall be thus elected through an election conducted for the purpose.

SEC. 13. *Meetings/Sessions.* – The Board may hold either regular meetings or special sessions:

(a) Regular Meetings – The Board must regularly convene once every quarter on the first week of every quarter.

(b) Frequency, Date and Venue of Regular Meetings – The frequency of the meetings of the Board over and above its quarterly meeting, and the date and the venue of regular meetings shall be determined by the Board itself: *Provided*, That the Board members shall receive the authorized allowance only for four (4) regular meetings and two (2) special meetings.

(c) Special Sessions – Special sessions of the Board may be held only upon the call of its Chairperson or Vice Chairperson: *Provided*, That the members of the Board have been duly notified in writing three (3) days prior to the date of the meeting.

(d) Responsibility of the President – The President of the University shall be responsible for making the necessary preparations to ensure the smooth conduct of its Board's regular meetings or special sessions.

Board members may petition the Chairperson or Vice Chairperson in writing for the conduct of a special session.

SEC. 14. *Quorum.* – A majority of all the members of the Board holding office at the time of its regular meeting or special session shall constitute a quorum for the said regular meeting or special session.

No regular meeting or special session of the Board, however, shall be validly held or could legally occur without the presence of either the Chairperson of the Board or the President of the University who is the Vice Chairperson thereof.

SEC. 15. *Presiding Officer.* – The CHED Chairperson, who is the Chairperson of the Board, shall preside over the regular meetings or special sessions thereof, except as hereinafter provided for.

In the absence of the CHED Chairperson, a CHED Commissioner duly designated in writing by the CHED Chairperson as regular Chairperson of the Board shall preside during regular meetings and special sessions of the Board: *Provided*, That in the absence of the CHED Commissioner duly designated as regular Chairperson of the Board, the President of the University, who is the Vice Chairperson of the Board, shall be the presiding officer.

SEC. 16. *Entitlements and Reimbursements for the Chairperson, Vice Chairperson and Members of the Board.* – The Chairperson, Vice Chairperson and members of the Board shall not receive any regular salary as such but they shall receive entitlements to actual allowances allowed by law, and reimbursement of necessary expenses incurred during or in conjunction with their attendance in the regular meetings or special sessions of the Board, or in connection with their performance of official business as members of the Board, duly authorized by the Board through a resolution.

SEC. 17. *Powers and Duties of the Board.* – The Board shall, in addition to its general powers of administration and the exercise of all the powers granted to a board of directors of a corporation under Section 36 of Batas Pambansa Blg. 68, exercise the following powers and duties:

(a) To promulgate rules and regulations not contrary to law, as may be necessary to carry out the purposes and functions of the University;

(b) To receive and appropriate all sums as may be provided for the support of the University in the manner it may determine in its discretion, in order to carry out the purposes and functions of the University;

(c) To import economic, technical, and cultural books and/or publications;

(d) To receive in trust, legacies, gifts and donations of real and personal properties of all kinds and to administer and dispose of the same, when necessary, for the benefit of the University

and subject to the limitations, directions, and instructions of the donor, if any;

(e) To fix the tuition fees and other necessary school charges such as matriculation fees, graduation fees, and laboratory fees, as the Board may deem proper to impose, after due consultation with the involved sectors.

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

Any provision of existing laws, rules and regulations to the contrary notwithstanding, any income generated by the University from tuition fees and other charges, as well as from the operation of auxiliary services, land grants and other income-generating activities, shall be retained by the University. The disbursement of such income shall be decided solely by the Board for the attainment of the goals and objectives of the University: *Provided*, That all fiduciary fees shall be disbursed for the specific purposes for which these are collected.

If, for reasons beyond its control, the University shall not be able to pursue any project for which the funds have been appropriated and allocated under its approved program of expenditures, the Board may authorize the use of the funds for any reasonable purpose which, in its discretion, may be necessary for the attainment of the objectives and goals of the University;

(f) To adopt and implement a socialized scheme of tuition and other school fees for greater access of poor but deserving students;

(g) To authorize the construction or repair of its buildings, machinery, equipment and other facilities, and the purchase and acquisition of real property, including necessary supplies, materials, and equipment;

(h) To appoint, upon the recommendation of the President of the University, chancellors, vice chancellors, vice presidents, deans, directors, heads of campuses, faculty members, and other officials and employees of the University;

(i) To fix and adjust the salaries of faculty members and administrative officials and employees, subject to the provisions of the Revised Compensation and Position Classification System and other pertinent budget and compensation and civil service 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 provision of existing laws to the contrary notwithstanding; and to remove them for cause in accordance with the requirements of due process of law;

(j) To approve the curricula, instructional programs, and rules of discipline drawn by the Administrative and Academic Councils, as herein provided, to determine the curricular offerings of the University based on the needs for globalization and internationalization. The policies and standards established by the CHED may be used as guides and bases for curriculum designs: *Provided, however,* That such policies and standards shall not be a delimiting factor in the design of the academic programs of the University;

(k) To set policies on admission and graduation of students;

(l) To award honorary degrees upon persons in recognition of their outstanding contribution in the fields of education, public service, arts, science and technology or in any field of specialization within the academic competence of the University, and to authorize the awarding of certificates of completion of nondegree and nontraditional courses;

(m) To establish and absorb non-chartered tertiary institutions within the Philippines as branches and centers in coordination with the CHED, and in consultation with the Department of Budget and Management (DBM), to carry out the

constitutional mandate to provide and promote equal access to educational opportunities;

(n) To establish research and extension centers to promote the development of the University;

(o) To establish professorial chairs in the University and to provide fellowships for qualified faculty members, and scholarships to deserving students;

(p) To delegate any of its powers and duties provided herein to the President and/or other officials of the University as it may deem appropriate, so as to expedite the administration of the affairs of the University;

(q) To authorize an external management audit of the University, to be financed by the CHED, subject to the rules and regulations of the Commission on Audit (COA), and to institute reforms, including academic and structural changes, on the basis of the audit results and recommendations;

(r) To collaborate with other governing boards of SUCs in the Philippines in consultation with the DBM, and work towards the restructuring of the University, including the amalgamation of such SUCs, to ensure its efficiency and productivity, achieve relevance as a tool of development, and remain competitive as an educational institution;

(s) To develop mechanisms for the efficient adoption of public-private partnerships (PPP) in the areas of research, instruction, extension and in the acquisition of facilities and structures of the University, such as:

(1) Joint curriculum ventures: sandwich programs for students in specialized science and technology courses, faculty development curriculum in collaboration with partner industries, staff development of the industries to be run by the University and other such similar projects; and

(2) Joint research ventures: outsourcing of the research components of the industries to the academe's graduate programs; product/service research and similar research endeavors;

(t) To enter into joint ventures with business and industry for the profitable development and management of the economic assets of the University, the proceeds from which shall be used for the development and strengthening of the University;

(u) To develop consortia and other economic forms of linkages with local government units (LGUs), institutions and agencies, both public and private, local and foreign, in the furtherance of the purposes and objectives of the University;

(v) To develop academic arrangements for institutional capability building with appropriate institutions and agencies, public and private, local and foreign;

(w) To appoint experts/specialists as consultants, part-time or visiting or exchange professors, scholars or researchers, as the case may be, particularly focused in strengthening the general mandate of the University;

(x) To set up the adoption of modern and innovative modes of transmitting knowledge such as the use of information technology, the dual training system, open distance learning, and community laboratory for the promotion of greater access to education;

(y) To establish policy guidelines and procedures for participative decision-making and transparency within the University;

(z) To privatize, where most advantageous to the University, the management of nonacademic services such as health, food, building or grounds or property maintenance, and such other similar activities; and

(aa) To extend the term of the President of the University whose performance has been unanimously rated by the Board as outstanding based on the guidelines, qualifications and standards set by the Board beyond the age of retirement, but not beyond the age of seventy (70), upon the unanimous recommendation by the search committee.

SEC. 18. *Selection and Appointment of the President of the University.* – The President of the University shall be selected and appointed by the Board, upon the recommendation of the search committee duly constituted by it, pursuant to Section 19 of this Act.

SEC. 19. *The Search Committee for the Presidency.* – Within six (6) months before the expiration of the term of office of the incumbent President of the University, the Board shall constitute a Search Committee for the Presidency (SCP). The composition of the SCP shall be determined by the Board, taking into consideration representatives from the academic community, a private sector representative not in any way connected or associated with the University, the Philippine Association of State Universities and Colleges (PASUC) representative, and a CHED representative.

SEC. 20. *Powers of the SCP.* – The SCP so constituted shall recruit and screen applicants to the position of President and may devise its own procedures for the search. To this end, the SCP shall cause the publication of an open invitation to qualified persons in a newspaper of national circulation.

The SCP shall submit the names of at least three (3) nominees to the Board, citing therein the strengths and weaknesses of the nominees for guidance and information of the Board as well as the enumeration and description of the criteria and procedures employed in their search.

SEC. 21. *Minimum Qualifications of the Applicant for the Presidency.* – The applicant for the Presidency of the University must possess the qualifications and standards set by the Board.

SEC. 22. *Appointment Papers.* – After the Board shall have selected and appointed the new President, the appointment papers shall be signed by the CHED Chairperson or the CHED Commissioner who had been duly designated as regular Chairperson of the Board.

SEC. 23. *Term of Office.* – The President of the University shall have a term of four (4) years, the beginning and end of which must be clearly specified in the appointment made by the Board.

SEC. 24. *Reappointment.* – The President of the University appointed under this Act shall be eligible for reappointment for another term only.

SEC. 25. *Vacancy in the Office of the President.* – In case of vacancy by reason of death, transfer, resignation, removal for cause or incapacity of the incumbent President to perform the functions of the office, the CHED Chairperson or the CHED Commissioner, as Chairperson of the Board, shall, within fifteen (15) days from the occurrence of such vacancy, designate an Officer-in-Charge (OIC) for the Office of the President (OP), subject to confirmation by the Board.

SEC. 26. *Salary of the President.* – The salary of the President of the University shall be determined by the Board and shall be comparable to that being received by the Presidents of similar educational institutions.

SEC. 27. *Other Officers.* – The President shall recommend to the Board the appointment of Vice Presidents of the University. The Vice Presidents shall assist the President in the administration of the University. Other officers of the University shall likewise be recommended by the President to the Board for appointment.

SEC. 28. *Science and Technology Parks.* – To strengthen industry linkages with the academe, the Alubijid and Claveria Campuses shall be designated as Science and Technology (S&T) Parks for the long-term development of the academic and research

facilities of the University in strong partnership with the industries.

SEC. 29. *Industry Incentives.* – Industries willing to locate their operations in the University S&T Parks and to participate in the academic and research activities of the University may import duty-free items in connection with the joint academic and research activities as certified by the Board: *Provided*, That any expenditure incurred by the industry participants in connection with such collaborative projects shall be considered as allowable deductions from the gross income in the computation of the income tax of the industry participants, in accordance with the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended.

SEC. 30. *Long-Term Lease Agreement.* – The participating industries and business entities shall enter into a long-term lease agreement with the Board in connection with their use of the land and property of the University through mutually agreed lease rates.

SEC. 31. *Research and Development Collaboration.* – The University shall be engaged as a research partner of partner industries and business entities from project conceptualization to technology prototyping. The University shall receive royalty from the industry participants in the event that the technology is commercialized in accordance with the Intellectual Property Rights (IPR) provisions. The University may allocate funds to support joint collaborative research with partner industries as well as to support basic academic research.

SEC. 32. *Academic Development Collaboration.* – National and multinational corporations that are locators in the S&T Park shall participate in the formulation of the curricular programs of the University as experts and practitioners in keeping with the "Developing A Curriculum (DACUM)" process for competency-based curriculum. Whenever applicable, the University shall institutionalize the dual training program in curricular offerings where students are expected to undergo a minimum of one (1) year industry training as part of the requirements for graduation.

In addition, a business immersion program shall be established as part of faculty enrichment to allow participants to gain insights into actual business operations and for research purposes. Under the program, faculty members shall render service in partner entities and the same shall be considered as part of government service, notwithstanding existing Civil Service Laws on Detail and Secondment.

SEC. 33. *The University Campuses.* – The seat of administration of the University shall be established in the Alubijid, Misamis Oriental campus. The major campuses of the University shall be located in Cagayan de Oro City and Claveria, Misamis Oriental notwithstanding the addition of other major campuses in the event that other SUCs shall be amalgamated to the University. The existing campuses of the MUST in Jasaan, Misamis Oriental, Panaon and Oroquieta in Misamis Occidental shall be designated as satellite campuses of the University.

SEC. 34. *Heads of University Campuses.* – The major University campuses in Cagayan de Oro City and Claveria shall be headed by Chancellors, while the satellite campuses in Jasaan, Misamis Oriental, Panaon and Oroquieta in Misamis Occidental shall be headed by Campus Directors who shall be appointed by the Board upon the recommendation of the President and a search committee established for this purpose.

SEC. 35. *Tenure and Terms of Office.* – The appointed Chancellors of the major campuses of the University shall serve for a period of four (4) years and may be reappointed. The appointed Campus Directors shall serve for a period of two (2) years and may be reappointed upon the recommendation of the University President.

SEC. 36. *Board Secretary.* – The Board shall appoint a Board Secretary, who shall likewise act as the University Secretary, to be appointed by the Board upon the recommendation of the University President.

The Board Secretary shall keep all official records of the University and send the notices of all regular meetings, special sessions and other undertakings of the Board.

SEC. 37. *Ex Officio Treasurer.* – The Treasurer of the Philippines shall be the *ex officio* Treasurer of the University.

SEC. 38. *Audit.* – All accounts and expenses of the University shall be audited by the COA or its duly authorized representative.

SEC. 39. *Administrative Council.* – There shall be created in the University an Administrative Council (ADCO) which shall be composed of the President as Chairperson and, with its chancellors, vice president(s), deans, directors, and other officials of equal rank, as members. The President of the University, as Chairperson thereof, shall constitute the ADCO.

SEC. 40. *Duty of the ADCO.* – The ADCO of the University so formed and constituted shall review and recommend, in accordance with the direction of the Board, appropriate policies governing the administration, management and development planning of the University.

SEC. 41. *Academic Council.* – There shall be established and constituted in the University an Academic Council (AC) with its President, as Chairperson, and all the members of faculty with the rank of not lower than assistant professor, as members.

SEC. 42. *Powers of the AC.* – In accordance with Section 4, paragraphs (o) and (v) of Republic Act No. 8292, otherwise known as the "Higher Education Modernization Act of 1997", the AC shall exercise the following powers:

(a) Determine, review and recommend for the approval of the Board the course offerings of the University;

(b) Devise, draft, review and recommend for the approval of the Board the rules of discipline of and for the University; and

(c) Fix the requirements for the admission of students in the University as well as for their graduation and the conferment of degrees, and submit the same to the Board for review and approval in accordance with Section 4, paragraph (i) of Republic Act No. 8292.

SEC. 43. *Industry-Academe Council.* – There shall be established an advisory body to be called the Industry-Academe Council (IAC), composed of the members of the instructional staff with the rank not lower than professor, and two (2) members representing the business entities located in the S&T Park. It shall be chaired by the President of the University. The IAC shall exercise the following powers:

(a) Review curricular offerings of the University and recommend enhancement thereof to the AC;

(b) Determine and monitor research projects jointly undertaken by the University and the Industry for the Board's information and action; and

(c) Serve as a clearing house for project proposals involving the academe and the industries and recommend appropriate action to the Board.

SEC. 44. *Academic Freedom and Institutional Autonomy.* – The University shall enjoy academic freedom and institutional autonomy as provided for in Batas Pambansa Blg. 232, otherwise known as the "Education Act of 1982", Republic Act No. 8292, and paragraph 2, Section 5, Article XIV of the 1987 Constitution.

SEC. 45. *The Faculty.* – No political belief, gender preference, cultural or community affiliation or ethnic origin, and religious opinion or affiliation shall be a matter of inquiry in the appointment of faculty members of the University: *Provided,* That no member of the faculty shall teach for or against any particular church or religious sect.

SEC. 46. *Appointments.* – Appointments of faculty shall be subject to the guidelines and qualifications and/or standards set by the Board. The faculty of the University shall be recruited from among the most qualified scientists, engineers, and technologists domestically and internationally. The University shall observe and comply with the provisions of the salary standardization law and the scientific career system and shall continue to receive subsidy from the national government,

including salary increases given to government employees in order to ensure the recruitment of the best minds in science and technology all over the world to deliver the mandated functions of the University.

SEC. 47. *Nondiscrimination in Admission of Students.* – No student shall be discriminated against and denied admission to the University by reason of sex, nationality, religion, political affiliation, or physical disability.

SEC. 48. *Scholarship Program.* – The University shall provide a scholarship program and other affirmative action programs to assist poor but deserving students who qualify for admission to the University or its extension campuses.

SEC. 49. *Enhancement of Theater Arts Program.* – To promote and preserve culture and arts, especially local practices and rites and indigenous practices of Mindanao, and to develop talents of students and University personnel alike, the existing University theater arts program shall be enhanced and strengthened.

SEC. 50. *Tax Exemptions.* – The provisions of any general or special law to the contrary notwithstanding:

(a) All grants, bequests, endowments, donations and contributions made to the University to be used actually, directly and exclusively by the University shall be exempt from donor's tax and the same shall be allowed as allowable deduction from the gross income of the donor for purposes of computing the taxable income of the donor in accordance with the provisions of the NIRC of 1997, as amended. Valuation of assistance other than money shall be based on the acquisition cost of the property. Such valuation shall take into consideration the depreciation value of the property in case the property has been used;

(b) Importation of economic, technical, vocational, scientific, philosophical, historical and cultural books, supplies and materials duly certified by the Board, including scientific and educational computer and software equipment, shall be exempt from customs

duties in accordance with the provisions of the Tariff and Customs Code of the Philippines, as amended; and

(c) The educational services rendered by the University shall be exempt from value-added tax in accordance with Section 109(H) of the NIRC of 1997, as amended.

SEC. 51. *Appropriations.* – The amount necessary to carry out the provisions of this Act shall be charged against the current year's appropriations of the MUST and the MOSCAT, except the sums needed to continue the operations of the existing high school. Thereafter, such sums as may be necessary for the continued operation and maintenance of the University shall be included in the annual General Appropriations Act.

SEC. 52. *Assets and Liabilities.* – All assets and liabilities of the MUST and the MOSCAT shall be transferred to the University.

SEC. 53. *Transitory Provision.* – For purposes of smooth transition into its University status, the incumbent President of the MUST shall serve a new first term as the President of the University and the concurrent Chancellor of the Cagayan de Oro Campus of the University while the incumbent President of the MOSCAT shall serve a new first term as the first Chancellor of the Claveria Campus of the University.

SEC. 54. *Academic Programs.* – Except for the theater arts program mandated in Section 49 of this Act, all non-S&T academic programs shall be gradually phased out for a period of four (4) years to be replaced by S&T programs as approved by the Board of the University.

SEC. 55. *Annual Report.* – On or before the fifteenth (15th) day of the second (2nd) month after the opening of regular classes each year, the President of the University shall file with the Office of the President of the Philippines, through the Office of the CHED Chairperson or the CHED Commissioner serving as Chairperson of the Board, and with the Senate and House of Representatives of the Congress of the Philippines, through the

Senate Committee on Education, Arts and Culture and the House Committee on Higher and Technical Education, a detailed report on the progress, condition and needs of the University.

SEC. 56. *Development Plan, Management Audit, Organizational/Administrative/Academic Structure.* – Within one hundred twenty (120) days after the approval of this Act, the University shall accomplish the following:

(a) Submit a five (5)-year development plan, including its corresponding program budget to the CHED, for corresponding recommendation to the DBM;

(b) Undergo a management audit in cooperation with the CHED; and

(c) Set up its organizational, administrative as well as academic structure, including the appointment of the key officials of the University.

SEC. 57. *Suppletory Application.* – For purposes of this Act, Republic Act No. 8292 (Higher Education Modernization Act of 1997), and other applicable laws shall have suppletory application.

SEC. 58. *Implementing Rules and Regulations.* – Within sixty (60) days upon the effectivity of this Act, the Board shall formulate the guidelines to fully implement the provisions of this Act.

SEC. 59. *Separability Clause.* – If, for any reason, any part or provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby shall remain in full force and effect.

SEC. 60. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 61. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.


Approved


FRANKLIN M. DRILON
President of the Senate


FELICIANO BELMONTE JR.
*Speaker of the House
of Representatives*

This Act which originated in the House of Representatives was passed by the House of Representatives and the Senate on October 9, 2015 and May 23, 2016, respectively.


OSCAR G. YABES
Secretary of the Senate


MARILYN B. BARUA YAP
*Secretary General
House of Representatives*

Approved:

BENIGNO S. AQUINO III
President of the Philippines

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Lapsed into law on JUL 21 2016
Without the signature of the President
In accordance with Article VI, Section
27 (1) of the Constitution