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NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



'22 JUL 12 A11 :25

SENATE

S. B. No. 363

RECEIVED BY \_\_\_\_\_

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Introduced by SENATOR JOEL VILLANUEVA

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AN ACT  
STRENGTHENING TECHNICAL VOCATIONAL EDUCATION AND  
TRAINING (TVET) IN THE PHILIPPINES BY INCORPORATING  
APPRENTICESHIP AND DUAL TRAINING SYSTEM, PROVIDING FOR  
CONTINUOUS TRAINING OF THE UNEMPLOYED, AND EXPANDING  
THE PROVISION OF ENTERPRISE - BASED EDUCATION AND  
TRAINING, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Based on a 2018 study conducted by the Philippine Institute for Development Studies (PIDS) through key informant interviews with Human Resource Managers/Officers in 26 firms, 24 out of 26 firms stated that they are willing to hire Senior High School (SHS) graduates.<sup>1</sup> However, out of this number, 22 out of 26 companies have preconditions for hiring, such as requiring certain competencies or skills, improved work immersion, and offering only low positions. These indicate uncertainties in hiring SHS graduates. Profiles of the firms include a BPO company, a multi-industry company, a popular fast-food chain, and city government offices. This confirms a report conducted by JobStreet.com's 2018 Fresh Graduate Report that only 24% of employers from manufacturing, professional services, retail machinery and equipment and BPO industries in the Philippines are ready to hire K-12 graduates.<sup>2</sup>

PIDS likewise reported in 2020 that only a little over 20% of Senior High School Graduates participate in the labor market and more than 70% proceeded to pursue further studies.<sup>3</sup> However, the study also revealed that K-12 graduates "have poorer

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<sup>1</sup> Aniceto C. Orbeta, Jr., et al. Philippine Institute for Development Studies, Senior High School and the Labor Market: Perspectives of Grade 12 Students and Human Resource Officers, accessible at [https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1849\\_rev.pdf](https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1849_rev.pdf) (last accessed July 4, 2022).

<sup>2</sup> Jobstreet.com Philippines, Fresh graduate hiring shows shift in demand and preferences, accessible at <https://www.jobstreet.com.ph/career-resources/plan-your-career/fresh-graduate-hiring-shows-shifts-in-demand-and-preferences-infographic> (last accessed July 4, 2022).

<sup>3</sup> Aniceto C. Orbeta, Jr. and Maropsil V. Potestad, Philippine Institute for Development Studies, On the Employability of the Senior High School Graduates: Evidence from the Labor Force Survey, accessible at <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2040.pdf> (last accessed July 4, 2022).

outcomes in terms of labor force participation, employment, and underemployment rates.”<sup>4</sup> While it acknowledges that the study “merely scratched the surface of understanding the labor outcomes for SHS graduates,”<sup>5</sup> there is a need to improve on existing programs to allow more access to opportunities and decent work for all, including K-12 graduates.

Meanwhile, data on work-based training from the Technical Education and Skills Development Authority (TESDA) reinforce the observation that lack of training in authentic work environments deepen job-skills mismatch in the country. According to TESDA, enterprise-based training (i.e., Apprenticeship Program and Dual Training System) produced only 620,199 graduates or only 5.12% of the 12,110,210 graduates of TVET from 2010-2018. In 2020, enterprise-based training enrollees and graduates number only 26,616 and 20,582, respectively.<sup>6</sup>

It is indeed unfortunate that enterprise-based training is the least participated training modality in the Philippines despite its potential to ensure employability of workers and secure the future of industries. Apparently, the rigidity of the current system discourages partnership with industry that can channel more young people to TVET.

Based on experience, in-company training alone can guarantee higher employment rates. For example, the training program conducted by the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) in 2015 for Electronics Backend Operations recorded 96.64% employment rate.

This experience points to the need to strengthen private sector participation in TVET through enterprise-based training to not only resolve job-skills mismatch but also to ensure adequate supply of relevant skills that our industries need to respond to the Fourth Industrial Revolution (4IR). In fact, many countries across the globe have already shifted to work-based training as a way to train their workers.

This proposed measure aims to incorporate the existing EBT programs administered by TESDA and expand the provision of training programs being implemented within companies which can be a mix of workplace training and classroom-based learning.

The bill defines “*Enterprise-Based Training Program*” as a mix of practical training and related theoretical instructions conducted on-and-off the job. It involves an agreement between a trainee and an enterprise on an approved enterprise-based training qualification. Unlike the current set-up, training duration depend on the complexity of the competencies to be learned in a specific qualification.

The bill shall apply to all work-related education and training, regardless of the following seven (7) modalities: (a) Apprenticeship; (b) Learnership; (c) On-the-Job Training (OJT); (d) Practicum; (e) Work Appreciation Program; (f) Dual Training System; and (g) Internship. The foregoing can help better prepare our workers to

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> TESDA 2020 TVET Statistics Annual Report, accessible at [https://www.tesda.gov.ph/Uploads/File/Planning2020/TVETStats/21.04.29\\_2020-Annual-TVET-Statistics\\_v-1.5.pdf](https://www.tesda.gov.ph/Uploads/File/Planning2020/TVETStats/21.04.29_2020-Annual-TVET-Statistics_v-1.5.pdf) (last accessed July 4, 2022).

changing market demands and to benefit from innovation and new technologies, especially automation and artificial intelligence. This bill will likewise address the need for an improved work immersion for SHS students and increase the confidence of companies in hiring such graduates, giving our young people chances to land into jobs.

To encourage more enterprises to provide enterprise-based education and training, enterprises shall be granted incentives, including an additional deduction from gross income equivalent to seventy-five percent (75%) of the training expenses incurred, and fully exempting donations and other contributions made to a participating training institution from donor's tax, with the said donation likewise deductible from gross income.

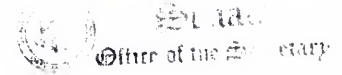
This bill can help the government continue to rise and meet the changing needs of the market, triggered by the 4<sup>th</sup> Industrial Revolution, and put in place good governance mechanisms that can expand partnership with industry associations and companies through enterprise-based training. More importantly, this bill can address the complaints of employers that Filipino graduates are not job-ready.

The immediate passage of this bill is earnestly sought.



SENATOR JOEL VILLANUEVA, JR.

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Enterprise-Based  
2 Education and Training to Employment Act.”  
3

4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to  
5 enhance the skills of the workforce of the entire nation and to meet the requirements  
6 of more advanced and evolving technologies and higher level competencies. The  
7 State seeks to strengthen manpower education and training in the country and to  
8 promote employment so that it can be assured an ever-growing supply of an  
9 educated and skilled globally competitive manpower equipped with appropriate skills  
10 and desirable work habits and attitudes in accordance with the requirements that  
11 meet the demands and standards of the workplace in the market.  
12

13 The policy recognizes two paths of education and training, namely: for developing  
14 and upgrading the skills of student/trainee in a technologically changing world, and  
15 for providing relevance in the training of student/trainee by encouraging work  
16 experiences as valid part and means of education and training. The recognition of  
17 the two paths of education and training shall greatly contribute to the creation of a  
18 dependable pool of well-trained workforce in the country.  
19

1  
2 **SEC. 3. Statement of Objectives.** – This Act shall have the following objectives:

- 3  
4 a) To help meet the demand of the economy for well-trained manpower through  
5 Technical Vocational Education and Training;  
6  
7 b) To establish a national enterprise-based training system and standards that is  
8 competency-based, including an on- and off-the-job training program, through  
9 the participation of employers, workers, and government;  
10  
11 c) To establish enterprise-based training standards to ensure that the trainees will  
12 acquire the right competencies and for the protection of the rights and safety of  
13 the trainees; and  
14  
15 d) To broaden the opportunities, venues of education and training of Filipino  
16 workers towards greater access.

17  
18 **SEC. 4. Definition of Terms.** – As used in this Act, the following terms shall have  
19 the following definitions:

- 20  
21 a) **“Enterprise-Based Training Program”** means practical training with related  
22 compulsory theoretical instructions conducted on-and-off the job involving an  
23 agreement between a trainee and an enterprise on an approved enterprise-  
24 based training qualification. The duration of the program shall be based on the  
25 complexity of the competencies to be learned in the specific qualification;  
26  
27 b) An **“Enterprise-Based Trainee/Student”** is a person undergoing training for  
28 an approved enterprise-based education and training qualification in an  
29 established period assured by an enterprise-based education and training  
30 agreement;  
31  
32 c) **“Enterprise”** is a group or association, industry organization, single  
33 proprietorship, government instrumentalities or civic group or any entity duly  
34 registered and organized, whether or not for profit, regardless of the product or  
35 services it produces or provides;  
36  
37 d) **“Enterprise-Based Training Agreement Between Enterprise and Trainee”**  
38 is a contract wherein an enterprise binds itself to train a trainee, who in turn  
39 accepts the terms of education and training for an enterprise-based training  
40 qualification, emphasizing the rights, duties and responsibilities of each party;  
41  
42 e) **“Enterprise-Based Education and Training Qualification”** is a qualification  
43 approved for enterprise-based education and training by the Technical  
44 Education and Skills Development Authority (TESDA) Board;  
45  
46 f) **“Enterprise-Based Education and Training Fund”** is a fund to be used to  
47 defray the expenses of the trainees and other expenses related to the  
48 implementation of the Enterprise-Based Training program;  
49

- 1 g) **“Competency Standards”** are written specifications of the knowledge, skills,  
2 attitudes and values required for the performance of a job, occupation or trade  
3 and the corresponding standard of performance required for these in the  
4 workplace;  
5
- 6 h) **“Competency Assessment”** is the process of gathering and evaluating  
7 evidence to determine whether a person can perform to the standards in the  
8 workplace based on the defined competency standards;  
9
- 10 i) **“Dual Education and Training”** refers to the combination of on- and off-the-  
11 job training involving an enterprise and a training institution;  
12
- 13 j) **“Period of Education and Training”** refers to the time when the training  
14 commences and terminates;  
15
- 16 k) **“Nominal Duration of Education and Training”** is the estimated number of  
17 training hours;  
18
- 19 l) **“Qualification”** refers to a package of competencies describing a particular  
20 function or job role existing in an economic sector, covering work activities  
21 required to undertake a particular job.  
22

23 **SEC. 5. Trainee Entry Requirements for Qualifications of an Enterprise Based**  
24 **Education and Training.** – To qualify as an enterprise-based student/trainee, a  
25 person shall:  
26

- 27 a) Be at least a high school graduate or its equivalent;  
28
- 29 b) Possess vocational aptitude and capacity for enterprise-based training as  
30 established through appropriate testing; and  
31
- 32 c) Possess the ability to comprehend and follow oral and written instructions.  
33

34 Industry associations and labor groups may recommend to the TESDA appropriate  
35 educational requirements for the different occupations.  
36

37 **SEC. 6. Aptitude Testing of Applicants.** – Consonant with the minimum  
38 qualifications of the enterprise-based trainee applicant required under this Act, the  
39 enterprises with duly recognized enterprise-based training programs shall have the  
40 primary responsibility of providing appropriate aptitude tests in the selection of  
41 trainees. If they do not have adequate facilities for the purpose, the TESDA may  
42 perform the service free of charge.  
43

44 **SEC. 7. Scope of Training and Coverage of Venues.** – An enterprise that desires  
45 to organize and implement an enterprise-based training program shall have its  
46 program registered with TESDA before it enters into an agreement with the trainees.  
47

48 This Act shall apply to all work-related education and training regardless of the  
49 following seven (7) modalities: (a) Apprenticeship; (b) Learnership; (c) On-the-Job

1 Training (OJT); (d) Practicum; (e) Work Appreciation Program; (f) Dual Training  
2 System; and (g) Internship.

3  
4 **SEC. 8. Contents of Enterprise-Based Training Agreement.** – An Enterprise-  
5 Based Training Agreement shall conform to the rules issued by the TESDA, which  
6 shall include, but not be limited to, the following provisions:

- 7  
8 a) Nature and purpose of training;  
9  
10 b) Curriculum;  
11  
12 c) Period of training;  
13  
14 d) Training allowance equivalent to seventy-five percent (75%) of the existing  
15 minimum wage;  
16  
17 e) Schedule of training allowance payments;  
18  
19 f) Process of termination of enterprise-based training; and  
20  
21 g) General rights and obligations of both parties.

22  
23 **SEC. 9. Signing of Enterprise-Based Training Agreement.** – Every enterprise-  
24 based education and training agreement shall be signed by the enterprise and by the  
25 student/trainee; Provided, That if the trainee is a minor, the agreement shall be  
26 signed in his behalf by his parent or guardian, and shall in all cases comply with  
27 Republic Act No. 7610, as amended, otherwise known as the “Special Protection of  
28 Children Against Abuse, Exploitation and Discrimination Act.”

29  
30 **SEC. 10. Enterprise-based Education and Training Arrangements.** –  
31 Enterprises that desire to organize and implement an enterprise-based education  
32 and training program shall choose from any of the following enterprise-based training  
33 schemes, which shall use the dual education and training approach:

- 34  
35 a) Enterprise-based education and training involving a company and an identified  
36 technical vocational institution; or  
37  
38 b) Enterprise-based education and training involving a group of companies and a  
39 technical vocational institution; or  
40  
41 c) Enterprise-based education and training involving an industry training center  
42 and a company or a group of companies.

43  
44 **SEC. 11. Responsibility for Theoretical Instruction.** – Compulsory theoretical  
45 instructions shall be part of enterprise-based education and training program. In  
46 cases where the program is undertaken in the plant, theoretical instructions may be  
47 given by the enterprise. If the latter is not prepared to assume the responsibility, the  
48 same may be delegated to an appropriate government agency or to an identified  
49 technical vocational institution.

1 **SEC. 12. Enterprise-Based Education and Training Administration.** – The  
2 overall policy-setting for enterprise-based education and training shall be the function  
3 of the TESDA Board. The responsibility for enterprise-based training administration,  
4 monitoring and evaluation of on- and off-the-job training shall be the concern of the  
5 TESDA Secretariat. The identification and prioritization of enterprise-based training  
6 qualifications and the development of competency standards and curricula shall be  
7 the joint responsibility of industry associations, labor groups, and TESDA.  
8

9 **SEC. 13. Enterprise-Based Education and Training Committee.** – There shall be  
10 established in every enterprise implementing an enterprise-based training program  
11 an Enterprise-Based Education and Training Committee composed of labor and  
12 management. For unionized enterprises, the employees' representative shall come  
13 from the existing labor unions, while employees' representatives in non-unionized  
14 enterprises shall be elected by the employees of the enterprise.  
15

16 The Committee shall be responsible for monitoring the program implementation,  
17 settling differences between management and trainees, and recommending  
18 measures for effective program implementation.  
19

20 In case the Enterprise-Based Education and Training Committee shall not be able to  
21 settle such differences, the TESDA Secretariat or its duly deputized and authorized  
22 representative shall investigate and render a decision pursuant to pertinent rules and  
23 regulations.  
24

25 **SEC. 14. Appeal to the TESDA Board.** – The decision of the TESDA Secretariat  
26 may be appealed by any aggrieved person to the TESDA Board within five (5) days  
27 from receipt of the decision. The decision of the TESDA Board shall be final and  
28 executory.  
29

30 **SEC. 15. Exhaustion of Administrative Remedies.** – No person shall institute any  
31 action for the enforcement of any enterprise-based training agreement or damages  
32 for breach of any such agreement, unless he has exhausted all available  
33 administrative remedies.  
34

35 **SEC. 16. Mandatory Implementation of Enterprise-Based Education and  
36 Training Program.** –  
37

38 (a) When national security or particular requirements of economic development so  
39 demand, the President of the Philippines may require compulsory enterprise-  
40 based education and training in certain trades, occupations, jobs or  
41 employment levels where storage of trained manpower is deemed critical, as  
42 determined by the TESDA Board upon the recommendation of its Secretariat;  
43

44 (b) Where services of foreign technicians are utilized by private companies in  
45 enterprise-based training occupations, such companies shall be required to set-  
46 up appropriate enterprise-based education and training programs.  
47

48 **SEC. 17. Enterprise-based Education and Training Fund.** – An Enterprise-Based  
49 Education and Training Program Fund shall be established to defray the expenses of



1 the qualified trainees in the course of taking the education and training program.  
2 The fund shall be derived from the following:

- 3
- 4 a) One-time fee paid by the graduates of the enterprise-based training program  
5 upon employment, to be paid through the Social Security System;  
6
  - 7 b) Donations, grants and endowments specifically for implementation of  
8 enterprise-based training programs; and  
9
  - 10 c) Such amounts as may be appropriated in the General Appropriations Act under  
11 the budget of TESDA.  
12

13 **SEC. 18. Enterprise-based Education and Training Incentives.** – Enterprises  
14 participating in the enterprise-based training program shall be granted the following  
15 incentives:

- 16
- 17 a) An additional deduction from taxable income equivalent to seventy-five (75%)  
18 of the training expenses incurred; Provided, That such expenses shall not  
19 exceed five percent (5%) of their total direct labor expenses or shall not exceed  
20 Twenty-Five Million Pesos (Php25,000,000) a year, whichever is lower;  
21
  - 22 b) Donations, contributions, bequests, subsidies, or financial aid actually paid or  
23 made to a participating training institution within the taxable year shall be fully  
24 deductible from gross income; and  
25
  - 26 c) Donations, contributions, bequests, subsidies, or financial aid actually paid or  
27 made to a participating training institution within the taxable year shall be  
28 exempt from donor's tax; Provided however, That not more than thirty percent  
29 (30%) of said donation shall be used by the training institution for administration  
30 purposes.  
31

32 **SEC. 19. Exemption from Probationary Employment; System of Equivalency.** –  
33 Certified enterprise-based training graduates shall be exempted from probationary  
34 employment in the event that they are employed in occupations requiring the same  
35 skills and qualifications standards which they shall have obtained upon passing the  
36 appropriate competency assessment.  
37

38 Enterprise-Based Training graduates shall also be awarded equivalent unit credits in  
39 the formal system of education that can be used in pursuing tertiary degree courses,  
40 subject to the integrated policies and guidelines of equivalency and adult education  
41 acceleration program of TESDA, Commission on Higher Education (CHED) and  
42 Department of Education (DepEd).  
43

44 **SEC. 20. Insurance Coverage and Protection of Trainees.** – Every participating  
45 enterprise implementing an enterprise-based training program in accordance with  
46 this Act shall provide their trainees, free of charge, the appropriate life and/or  
47 accident insurance policy.  
48

49 **SEC. 21. Limitation on the Number of Trainees.** – No enterprise shall be allowed  
50 to engage trainees more than twenty percent (20%) of the total number of its regular

1 employees; Provided, That the TESDA Board may, upon recommendation of the  
2 industry association, increase or decrease the cap, if necessary; Provided further,  
3 That any person who shall be engaged as a trainee in excess of the threshold herein  
4 provided shall be considered as a regular employee of the enterprise concerned.  
5

6 **SEC. 22. Implementing Rules and Regulations.** – Within ninety (90) days from  
7 the effectivity of this Act, TESDA shall, upon consultation with the Department of  
8 Labor and Employment, National Tripartite Industrial Peace Council (NTIPC), Bureau  
9 of Internal Revenue and other relevant stakeholders, issue the implementing rules  
10 and regulations for the effective implementation of this Act.  
11

12 **SEC. 23. Report to Congress.** – Every four (4) years after the effectivity of this Act,  
13 the TESDA Board shall conduct a review of its implementation, accomplishments,  
14 and recommendations for further improvement of the Enterprise-Based Education  
15 and Training, and other relevant information, including employability and retention  
16 rates of trainees post-training, and submit a report to Congress within thirty (30) days  
17 after the conclusion of the review.  
18

19 **SEC. 24. Repealing Clause.** – All laws, decrees, orders, rules and regulations or  
20 parts thereof inconsistent with this Act are hereby repealed or modified accordingly.  
21

22 **SEC. 25. Separability Clause.** – If any provision of this Act is held invalid or  
23 unconstitutional, the same shall not affect the validity and effectivity of the other  
24 provisions hereof.  
25

26 **SEC. 26. Effectivity.** – This Act shall take effect after completion of its publication in  
27 the Official Gazette or in two (2) newspapers of general circulation.  
28

29 **Approved,**