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INTRODUCED BY SENATORS PANGILINAN, TRILLANES IV, ESTRADA, REVILLA JR.,
ESCUADERO, ZUBIRI, CAYETANO, PIA, VILLAR, GORDON, AND CAYETANO, ALAN
PETER, AND MEMBERS OF THE COMMITTEES ON EDUCATION, ARTS AND
CULTURE; FINANCE; AND WAYS AND MEANS

AN ACT TO STRENGTHEN THE UNIVERSITY OF THE PHILIPPINES AS THE
NATIONAL UNIVERSITY

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

SECTION 1. *Title.* - This Act shall be known as "The University of the Philippines
Charter of 2007."

SEC. 2. *Declaration of Policy.* – The State shall promote, foster, nurture and protect
the right of all citizens to quality education. Toward this end, it is the policy of the State to
strengthen the University of the Philippines as the National University.

SEC. 3. *Purpose of the University.* -As the National University, a public and secular
institution of higher learning, and a community of scholars dedicated to the search for truth
and knowledge, the University of the Philippines shall carry out its unique and distinctive
leadership in higher education and national education to development through its
combined functions, as follows:

(1) Lead in setting academic standards and initiating innovations in teaching,
research and faculty development in philosophy, the arts and humanities, the social
sciences, the professions and engineering, natural sciences, mathematics, and
technology; and maintain centers of excellence in such disciplines and professions;

(2) Serve as a graduate university by providing advanced studies and specialization for scholars, scientists, writers, artists and professionals, especially those who serve on the faculties of state and private colleges and universities;

(3) Serve as a research university in its various fields of expertise and specialization by conducting basic and applied research and development, and promoting research in the various colleges and universities, and contributing to the dissemination and application of knowledge;

(4) Lead as a public service university by providing various forms of community, public, and volunteer service, and scholarly and technical assistance to the government, the private sector, and civil society while maintaining its standards of excellence;

(5) Protect and promote the professional and economic rights and welfare of its academic and non-academic personnel;

(6) Provide opportunities for training and learning in progressive leadership, responsible citizenship, and the development of democratic values, institutions and practice through academic and non-academic programs, including sports and national identity;

(7) Serve as a regional and global university in cooperation with international and scientific unions with networks of universities and scholarly and professional associations in the Asia-Pacific region and around the world; and

(8) Provide democratic governance in the University based on collegiality, representation, accountability, transparency and active participation of its constituents. The Board of Regents shall, in consultation with all the University constituents, promulgate guidelines to implement the provision of this Act which shall include a mechanism for the appropriate forum for students, faculties, REPS, staff, alumni to discuss nonacademic issues affecting the university.

SEC. 4. *The University System.* -The University of the Philippines, hereinafter referred to as the "University," is a university system and shall be composed of constituent universities established solely by its Board of Regents upon the recommendation of the President of the University.

SEC. 5. *Academic Freedom.* -The University shall have the right to enjoy and the responsibility to exercise academic freedom.

SEC. 6. *Academic Excellence.* -The University has the responsibility to maintain and enhance its high academic standards in the performance of its functions of instruction, research, and extension and public service.

SEC. 7. *Commitment to National Development.* -The University shall harness the expertise of the members of the University community and other individuals to regularly

study the state of the nation in relation to its quest for national development in the primary areas of politics and economics, among others, identify key concerns, formulate responsive policies regarding these concerns, and give advice and make recommendations to Congress and the President of the Philippines.

Other government agencies and instrumentalities, the Congress of the Republic of the Philippines, the Supreme Court and other lower courts, as well as any constitutional body may request the University of the Philippines to conduct research or provide advice on any matter involving public policy. The budget for such research or request for advice shall come from the appropriation of these public agencies.

SEC. 8. *Social Responsibility.* -The University is committed to serve the Filipino nation and humanity. While it carries out the obligation to pursue universal principles, it must relate its activities to the needs of the Filipino people and their aspirations for social progress and transformation. The University may provide venues for student volunteerism.

SEC. 9. *Democratic Access.* -The University shall take affirmative steps which may take the form of an alternative and equitable admissions process to enhance the access of disadvantaged students, such as indigenous peoples, poor and deserving students, including but not limited to valedictorians and salutatorians of public high schools, and students from depressed areas, to its programs and services.

No student shall be denied admission to the University by reason solely of age, gender, nationality, religious belief, economic status, ethnicity, physical disability, or political opinion or affiliation.

The University recognizes the separation of Church and State. It shall guarantee religious freedom and shall not discriminate on the basis of religion.

SEC. 10. *Sports.* -The University shall undertake and support comprehensive sports programs that promote physical education, uphold excellence in sports activities and encourage competitive participation on the same, instill school identity and solidarity, cultivate pride, self-discipline and teamwork which serve as a foundation for fostering active participation in the University, as well as in nation building.

SEC. 11. *Institutional Autonomy as the National University.* -To provide greater flexibility to the University, it shall be treated in a manner consistent with its institutional requirements as the National University by the service-wide agencies in the exercise of their respective jurisdiction. The University, taking into account national goals and priorities, shall exclusively determine its teaching, research and extension thrusts, plans, policies, programs and standards, and, on the basis of such determination, the University shall recommend its annual budget to the President of the Republic of the Philippines and Congress.

SEC. 12. *The Board of Regents.* –

(1) Composition -The governance of the University is vested in a board of regents known as the "Board of Regents of the University of the Philippines System," hereinafter referred to as the "Board," composed of:

- (a) The Chairperson of the Commission on Higher Education as Chairperson;
- (b) The President of the University of the Philippines System as Co-Chairperson;
- (c) The Chairperson of the Senate Committee on Education, Arts and Culture;
- (d) The Chairperson of the House Committee on Higher and Technical Education;
- (e) The President of the U.P. Alumni Association, to serve as Alumni Regent during his or her incumbency in that position;
- (f) One Faculty Regent chosen by the full-time faculty members of the University from their ranks, to serve for a term of two years;
- (g) One Student Regent, to serve for a term of one year, chosen by the students from their ranks in accordance with rules and qualifications approved in a referendum by the students;
- (h) One Staff Regent representing the full-time permanent research, extension, and professional staff (REPS) and administrative personnel and chosen by them from their ranks, to serve for a term of two years; and
- (i) Three other Regents who have distinguished themselves in their professions or fields of specialization, chosen from a list of five persons for every vacancy as recommended by a search committee constituted by the President of the University, based on standards and guidelines approved by the Board of Regents. At least two of these Regents should be alumni. All these Regents shall be appointed by the President of the Philippines considering the recommendation of the Board of Regents and shall serve for a term of two years: *Provided*, That the Regents holding office as members of the Board of Regents at the time of the effectivity of this Act shall continue to serve until the expiration of their appointments as provided in Executive Order No. 204-A, issued by the President of the Philippines on July 15, 1987.

(2) Vacancy -In case of vacancy in the Board of Regents, except for the President of the University, such vacancy shall be filled in the same manner as provided for the predecessor, and such appointee shall hold office for the unexpired term. In the case of a sectoral Regent, membership in the Board ceases upon suspension, separation, or recall.

(3) Compensation -Members of the Board shall serve without compensation other than reimbursement for actual and necessary expenses incurred in attendance to meetings of the Board or other official business authorized by the Board.

(4) Meetings; Quorum -The Board of Regents shall convene regularly. The Chairperson of the Board may call a special meeting whenever necessary: *Provided*, That members are notified in writing at least three days prior to said meeting.

A majority of all members of the Board holding office at the time the meeting is called shall constitute a quorum for Board meetings.

In no case shall any and all members of the Board appoint representatives to act on their behalf.

SEC. 13. *Powers and Duties of the Board of Regents.* -The administration of the University and the exercise of its corporate powers are vested in the Board of Regents.

The Board shall exercise the following specific powers and duties:

- (a) To define the thrusts of the University and adopt broad policy guidelines to ensure their implementation;
- (b) To preserve the integrity of the University;
- (c) To approve the institution, merger or abolition of academic programs, upon recommendation of the University Council of the Constituent University concerned through the President of the University;
- (d) To approve the graduation of students and grant of honors, as recommended by their respective University Councils through the President of the University;
- (e) To confer honorary degrees upon persons in recognition of learning, statesmanship, or eminence in literature, science, or art, upon recommendation of a committee created by the President of the University: *Provided*, That such degrees shall not be conferred in consideration of any payment, gift or other valuable consideration;
- (f) To approve the rules on student discipline recommended by the University Councils through the President of the University, with the Board retaining the power to review and pass final judgement on student disciplinary cases;
- (g) To create, organize, reorganize, merge or abolish constituent universities, colleges, institutes, and other academic and administrative units of the University;
- (h) To establish professorial chair awards;
- (i) To provide fellowships, scholarships and grants, including athletic grants and to award the same to faculty, staff and students having special evidence of merit, especially those who are poor and deserving individuals;
- (j) To elect the President of the University for a term of six years following a process of consultation with the University community based on standards and guidelines set by the Board of Regents. In the event of a vacancy, the Board of Regents shall elect a president who shall serve a full term within six months from the occurrence of the vacancy;
- (k) To appoint faculty members and other officials and employees, to draw up a position classification and compensation plan for its faculty and staff, and to fix and adjust salaries and benefits of the faculty members and other employees: *Provided*, That salaries and other benefits of the faculties shall be comparable to those being received by their counterparts in the private sector; to determine their hours of service, and such other terms and

conditions of employment as it may deem proper; to grant leave of absence under such regulations as it may promulgate, any other provisions of law to the contrary notwithstanding; and to remove them for cause as provided by law after due investigation and proper hearing;

- (l) To extend, with their consent, the tenure of faculty members of the University beyond the compulsory retirement age, on recommendation of the units upon endorsement of the President of the University, whenever their services are especially needed;
- (m) To fix the tuition fees and other necessary school charges, as the Board may deem proper to impose, after due and comprehensive consultation with the students concerned. Such fees and charges, including government support and other income generated by the University, shall constitute special trust funds and shall be deposited in an authorized government depository bank. Any and all interest that shall accrue therefrom shall form part of the same funds for the use of the University.

Notwithstanding any provision of law to the contrary, all incomes generated by the University or by its subsidiaries shall, upon their collection, be retained by the University and disbursed at the discretion of the Board for the professional growth and development, health, welfare, and other benefits of the students, faculty members and other personnel; for the acquisition, construction, maintenance and repair of urgently needed instructional and auxiliary facilities, equipment, buildings and other infrastructure; and for expenses necessary for the attainment of its purposes under its approved program of expenditures;

- (n) To receive and appropriate all sums as may be provided by law for the support of the University to the ends specified by law, and all other sums in the manner it may, in its discretion, determine to carry out the purposes and functions of the University;
- (o) To authorize the construction, maintenance or repair of its buildings, machinery, equipment and other facilities, and the purchase and acquisition of real and personal properties, including necessary supplies, materials and equipment;
- (p) To receive in trust legacies, gifts and donations of real and personal property of all kinds and to administer and dispose the same when necessary for the benefit of the University and subject to the instructions of the donor, if any;
- (q) Notwithstanding any provision of law to the contrary, to authorize its faculty and staff to travel abroad to study, deliver papers, attend conferences and disseminate research: *Provided*, That the fellowship, scholarship or grant is authorized by the Board of Regents: *Provided, finally*, That research and

other activities funded by the University shall likewise undertake fields or topics that have promising commercial applications, and that the faculty and staff involved in said research be allowed to participate in its financial or economic benefits;

- (r) To exercise the general powers set out in the Corporation Code;
- (s) To delegate any of its powers to the President of the University or other officials or officers as it may deem necessary;
- (t) To prescribe rules for its own government and the discipline of the faculty and other personnel and to enact for the government of the University such general policies, rules and regulations, not contrary to law, as are consistent with the purposes of the University; and
- (u) To exercise such powers as may be proper and necessary to carry out the objectives of this Act.

SEC. 14. *The President of the University.* -The President of the University is the chief academic officer, head of the University Faculty and the chief executive officer of the University. The President of the University shall exercise the powers specifically provided for in this Act, those determined by the Board of Regents, those which pertain to the office of the president of a university, and those which are related or necessary to its functions. The Board of Regents shall determine the compensation of the President of the University.

The President of the University shall be appointed by the Board of Regents and shall serve for a term of six years.

SEC. 15. *The Secretary of the University and of the Board of Regents.* -There shall be a Secretary of the University appointed by the Board of Regents, who shall also be the Secretary of the Board, and who shall keep such records of the University as may be designated by the Board.

SEC. 16. *The University Council.* -There shall be in each constituent university a University Council consisting of the Chancellor as chairperson, and all faculty members in the constituent university holding the rank of assistant professor and higher as members.

SEC. 17. *Powers of the University Council.* - The University Council shall be the highest academic body of each constituent university and shall exercise the following powers:

- (a) Fix the requirements for admission to any college or unit, graduation, and the grant of honors subject to the minimum system-wide requirements;

- (b) Prescribe the academic programs including their institution, revision, abolition and merger, subject to the approval of the Board of Regents;
- (c) Recommend to the Board of Regents the graduation of students and the grant of honors;
- (d) Exercise disciplinary power over the students, through the Chancellors or their appropriate committees, subject to review by the President of the University according to the limits prescribed by system-wide rules on student discipline;
- (e) Undertake the periodic review of academic courses, programs, standards, thrusts and policies; and
- (f) Adopt internal rules or procedure consistent with the provisions of this Act.

SEC. 18. *The Chancellor of the Constituent University.* -The Administration of each constituent university is vested in the Chancellor insofar as authorized by the Board of Regents and the President of the University. The Chancellor of the constituent university shall be elected by the Board of Regents upon nomination of the President of the University, following a process of consultation with the constituents of the constituent university based on standards and guidelines set by the Board of Regents. The Chancellor shall report to the President of the University, and shall perform the duties and functions elsewhere stated in this Act, and all the usual, necessary and related functions of the office of the chancellor, subject to the policies and rules prescribed by the Board of Regents. The Board of Regents shall determine the term and compensation of the Chancellor.

SEC. 19. *The Faculty.* -The teaching staff of each college shall constitute its faculty. The College Faculty shall be presided over by a Dean. The Dean shall be elected by the Board of Regents upon nomination of the President of the University and upon recommendation of the Chancellor of the constituent university, following a process of consultation with the constituents of the college based on standards and guidelines set by the Board of Regents.

SEC. 20. *Appointment Requisites and Practice of Profession.* -Faculty members, as well as research, extension and professional staff (REPS) of the University, shall be exempt as such from any civil service examination or regulation as a requisite to appointment. The provisions of existing law to the contrary notwithstanding, licensing requirements for professional regulatory boards shall not affect appointments to faculty positions. In the appointment of faculty members, no religious test shall be applied, nor shall the religious or political opinions or affiliations of the faculty member of the University be made subject of examination or inquiry.

SEC. 21. *Student Affairs.* - (1) There shall be established in the University the following student councils: for every college and degree-granting institute, a college or

institute student council; and for every constituent university, a university student council. Each student council shall advance the interests, welfare, and aspirations of its constituents. It shall have the power to adopt internal rules of procedure consistent with the provisions of this Act.

Each student council shall be composed of students of an academic unit of the University duly elected by the students of such unit. Each member of the student council shall serve for a term of one (1) year, without prejudice to re-election.

(2) Subject to due and comprehensive consultation with the students, there shall be a student publication established in every constituent unit and college to be funded by student fees. Freedom of expression and autonomy in all matters of editorial and fiscal policy shall be guaranteed especially in the selection of its editors and staff.

SEC. 22. Land Grants and Other Real Properties of the University. -

- (a) The State shall support the University of the Philippines System as the National University in the form of lump sum amount, through general appropriations and other financial benefits, and in kind, through land grants and donations and use of other real properties. To carry out the intent of these grants, income derived from the development of all land grants and real properties shall be used to further the ends of the University, as may be decided by the Board of Regents;
- (b) Such parcels of land ceded by law, decree or presidential issuance to the University of the Philippines, are hereby declared to be reserved for the purposes intended. The absolute ownership of the University over these landholdings, including those covered by original and transfer certificates of title in the name of the University of the Philippines and their future derivatives, is hereby confirmed. Where the issuance of proper certificates of title is yet pending for these landholdings, the appropriate government office shall expedite the issuance thereof within six months from the date of effectivity of this Act: *Provided*, That all registration requirements necessary for the issuance of the said titles have been submitted and complied with; and
- (c) The Board of Regents may plan, design, approve and/or cause the implementation of contracts, mechanisms, and financial instruments, such as joint ventures, long-term leases, fully-owned subsidiaries, securitization and, in exceptional cases, sale to give the University the flexibility to generate revenues and other resources from land grants and other properties: *Provided*, That such mechanisms and arrangements shall sustain and protect the environment in accordance with law, and be exclusive of the academic core zone of the campuses of the University of the Philippines: *Provided, finally*, That such mechanisms and arrangements shall not conflict with the academic mission of the University;

- (d) Any plan to generate revenues and other sources from land grants and other real properties entrusted to the University shall be consistent with the University's academic mission and orientation as the national state university as well as protect the University from undue influence and control of commercial interests: *Provided*, That such programs, projects or mechanisms shall be approved by the Board subject to a transparent and democratic process of consultation with the University's constituents: *Provided, finally*, That funds generated from such programs, projects or mechanisms shall not be meant to replace, in part or in whole, the annual appropriations provided by the National Government to the University.

SEC. 23. *Safeguards on Assets Disposition*. -The preservation of the value of the assets of the University shall be of primordial consideration.

The exclusive academic core zone of the campuses of the University shall not be sold, transferred, ceded, conveyed or assigned, encumbered, leased for purposes inconsistent with its academic mission or otherwise utilized for non-academic purposes.

The provision of this Act or any other law to the contrary notwithstanding, the sale, transfer, conveyance, assignment, lease of more than five years, mortgage or encumbrance of the assets of the University and any transactions as referred to in Section 22 shall be subject to the following conditions and procedures:

(a) It shall be based on a multi-year comprehensive development plan, crafted and developed by qualified urban planning professionals having at least five years experience, with prior consultations with and concurrence of third-party experts and duly approved by a majority vote of all the members of the Board of Regents;

(b) It shall be subject to competitive and public bidding as provided under Republic Act No. 9184, otherwise known as the Procurement Reform Law;

(c) In the case of two failed biddings and negotiated transaction, if undertaken, the Board of Regents, when considering the approval of any such transaction, shall secure a fairness opinion report from an independent third-party body. The said body shall have five members, three of which shall be nominated by the Bankers Association of the Philippines (BAP), Investment Houses Association of the Philippines (IHAP), Trust Officers Association of the Philippines, or the Financial Executive Institute of the Philippines (FINEX). The members shall be entitled to a reasonable per diem as the Board may specify.

The fairness opinion report shall contain a statement expressing the opinion of the body as to the fairness to the University of the terms of the proposed transaction, particularly its financial terms. The report shall include, but not limited to, a review and analysis of the proposed transaction, financial statements, industry information, economic conditions assumptions using management projections and the assumptions used therein

and a comparison of similar transactions: *Provided*, That if the Board of Regents differs with the fairness opinion report they shall justify their decision in writing and make this available to the University community.

(d) If the contract or transaction involves an amount more than Fifty Million Pesos (P50,000,000.00), it shall be approved by two-thirds of all the members of the Board of Regents: *Provided*, That the splitting of contracts, which is by breaking up a contract into smaller quantities or amounts or dividing contract implementation into artificial or arbitrary phases or subcontracts for the purpose of circumventing this provision, shall not be allowed. In all other contracts, the approval of the majority of all members of the Board shall be required.

There shall be a formally convened meeting for the purpose of approving the transaction and the Regents shall be provided with two weeks prior notice.

SEC. 24. *Management of Funds.* -(1) There shall be an independent trust committee to be composed of one representative each nominated by the Bankers Association of the Philippines (BAP), the Investment House Association of the Philippines (IHAP), the Trust Officers Association of the Philippines (TOAP) and the Financial Executive Institute (FINEX). The members shall be entitled to a reasonable per diem as the Board may specify. (2) The independent trust committee shall recommend to the Board five universal banks selected on a prudent basis whose trust departments shall manage the University's corporate and other funds through trust agreements on a non-directed basis: *Provided*, That any such agreement shall be for a period of not more than two years. (3) The independent trust committee shall provide the Board with direction on appropriate investment objectives and permissible investments with the view to preserving the value of the funds while allowing the University to earn a reasonable return thereon.

SEC. 25. *Tax Exemptions.* -The provisions of any general or special law to the contrary notwithstanding:

(1) All revenues and assets of the University of the Philippines used for educational purposes or in support thereof shall be exempt from all taxes and duties;

(2) Gifts and donations of real and personal properties of all kinds shall be exempt from the donor's tax and the same shall be considered as allowable deductions from the gross income of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended: *Provided*, That the allowable deductions shall be equivalent to 150 percent of the value of such donation. Valuation of assistance other than money shall be based on the acquisition cost of the property. Such valuation shall take into consideration the depreciated value of property in case said property has been used;

(3) 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;

(4) The University shall only pay 0% value added tax for all transactions subject to this tax; and

(5) All academic awards shall be exempt from taxes.

SEC. 26. *Reportorial Requirements and Auditing of Accounts.* - The University shall submit an annual report to Congress containing the financial statements, statement of assets and liabilities, actual projected income from tuition fees and other revenue sources, contracts and investments entered into pursuant to Section 22 (c) hereof and programs of expenditure. All accounts and disbursements of the University shall be audited by the Commission on Audit.

SEC. 27. *Applicability of Procurement Laws, Rules and Regulations to the UP System.* -In the procurement of infrastructure projects, goods and consulting services, the University of the Philippines shall comply with applicable procurement laws as well as their implementing rules and regulations.

SEC. 28. *Rules of Construction.* -No statutory or other issuances shall diminish the powers, rights, privileges, and benefits accorded to the University under this Act or enjoyed at present by the University under other issuances not otherwise modified or repealed under this Act, unless subsequent legislation expressly provides for their repeal, amendment or modification. Any case of doubt in the interpretation of any of the provisions of this Charter shall be resolved in favor of the academic freedom and fiscal autonomy of the University of the Philippines.

SEC. 29. *Appropriations.* -The amount needed to carry out the implementation of this Act shall be charged against the current fiscal year's lump sum appropriation and other internal funds of the University. Thereafter, such lump sum representing the national government's responsibility for the continued growth, operation and maintenance of the University shall be included in the Annual General Appropriations Act.

The University may use unexpended balances in any appropriation for purposes that the Board of Regents determines.

SEC. 30. *Separability Clause.* -Should any provision herein be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.

SEC. 31. *Repealing Clause.* -Act No. 1870, as amended, and all laws, decrees, orders, rules, and regulations or other issuances or parts inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 32. *Transitory Provisions.* - The necessary implementing rules and regulations in relation to the institutionalization of the appropriate forum as provided in

paragraph (8), Section 3 of this Act, shall be subject to the final approval of an Oversight Committee of Congress composed of the Chairman of the House Committee on Higher and Technical Education and the Chairman of the Senate Committee on Education, Arts and Culture, and two representatives each from both Houses of Congress, as members.

SEC. 33. *Effectivity.* -This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any newspaper of general circulation in the Philippines.

Approved,