

Republic of the Philippines
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY
East Service Road, South Superhighway, Taguig City

125th TESDA Board Meeting
10 November 2020, Tuesday, 9:00 a.m.
Teleconference via Zoom Platform

Resolution No. 2020-51
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**APPROVING THE ASSESSMENT FEES FOR MACHINING NC I
IN THE METALS AND ENGINEERING SECTOR**

WHEREAS, paragraph 9, Section 8 of Republic Act No.7796 or the Technical Education and Skills Development Act of 1994 empowers the TESDA Board to "exact reasonable fees and charges for such tests and training conducted and retain such earnings for its own use, subject to guidelines promulgated by the Authority";

WHEREAS, Administrative Order No. 31, Series of 2012, directs and authorizes all heads of departments, bureaus, commissions, agencies, offices and instrumentalities of the national government, including government-owned and/or controlled corporations (GOCCs), to rationalize the rates of their fees and charges, increase their existing rates and impose new fees and charges;

WHEREAS, the DOF – DBM – NEDA Joint Circular No. 1-2013 provides the Implementing Rules and Regulations of Administrative Order No. 31, Series of 2012, on the Rationalization of Rates of Fees and Charges, Increase in Existing Rates, and Imposition of New Fees and Charges;

WHEREAS, Section 5 of the DOF – DBM – NEDA Joint Circular No. 1-2013 states that the determination of the rates of fees and charges shall consider the direct costs of rendering the service based on current appropriation, which shall include the cost of supplies and materials, salaries and wages of personnel directly involved in the service, and the proportionate share in the expenses of the agency or department, including the depreciation costs of the equipment used;

WHEREAS, to implement the intent of the above-cited Joint Circular, the TESDA Secretariat through the Qualifications and Standards Office (QSO) initiated the review of the assessment fees and pursued a seven-step process, as follows:

1. Creation of TESDA's Task Force (TF) on the Review of Training Costs, Assessment Fees, and other Cost implemented by TESDA;
2. Orientation of the TESDA Task Force by the National Tax Research Center (NTRC);
3. Conduct of Assessment Fee Workshops with the Technical Experts;
4. Presentation of the Proposed Assessment Fees to the TF and NTRC;
5. Presentation of the Proposed Fees to TESDA Board Joint Standards-Setting and Systems Development and Finance Committees;
6. Conduct of Public Hearing(s) for the Proposed Assessment Fee(s); and
7. Approval and Promulgation of Assessment Fees by the TESDA Board for the nationwide implementation;

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WHEREAS, in determining the amount of assessment fees, the following Factors and Operational Guidelines were followed:

- **Factors:**
 - Direct Cost
 - Salaries & wages of personnel involved in the delivery of service, including the assessor's fee
 - Supplies and Materials (consumable and reusable)
 - Utilities (e.g. electricity, water, gas)
 - Repair and maintenance
 - Indirect Cost
The depreciation cost of tools and equipment, wherein the cost imputed is in the actual use of tools and equipment. (Note: This was already zeroed-in as this can become part of the tax deduction when the Assessment Centers file their respective Income Tax Returns).
 - Capital Outlay
 - Rental of buildings
 - Assessment Process Workflow
 - Plus 10% cost recovery
- **Five Operational Principles:**
 - Derive an equitable fee that is affordable to the candidate;
 - Use less expensive supplies and materials or substitutes, if possible;
 - Where applicable, do not charge the candidate for tools and equipment;
 - Use average of regional costs; and
 - Provide information as FACTS (factual, accurate, comprehensive, transparent, and systematic).

WHEREAS, a new direct cost item, which is "repair and maintenance" is now included. Repair and Maintenance (RM) costs are fixed allowances provided for repair of the machine and shelter, which are usually estimated at 10% of the initial cost. It is a fixed cost incurred regardless of whether the machine is operated or not (*Reference: Petingco, M, Amongo RM, et al. Fundamentals of Agricultural Engineering II – AENG 2 Manual, 2011*);