

MALACANANG
RESIDENCE OF THE PRESIDENT
OF THE PHILIPPINES
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 156

CONSTITUTING THE "FUND FOR ASSISTANCE TO PRIVATE EDUCATION" AS AN IRREVOCABLE TRUST FUND, CREATING A "PRIVATE EDUCATION ASSISTANCE COMMITTEE" AS TRUSTER, AND PROVIDING FOR THE MANAGEMENT THEREOF.

WHEREAS, pursuant to a "Project Agreement," entered into on June 11, 1968, between the Government of the Republic of the Philippines and the Government of the United States of America, executed in accordance with the "Exchange of Notes" between said Governments, the sum of Six Million One Hundred Fifty-Four Thousand Dollars (\$6,154,000), U.S. currency, from the Special Fund for Education authorized by U.S. Public Law 88-94, will be made available as a "Fund for Assistance to Private Education" for the purpose of providing a permanent trust fund to finance various programs of assistance to private education; and

WHEREAS, for the purpose aforesaid, it is required that the Fund be constituted as an irrevocable trust fund to be managed and administered by a "Private Education Assistance Committee;"

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by law and in pursuance of the "Project Agreement" and the "Exchange of Notes" hereinbefore mentioned, do hereby constitute the "Fund for Assistance to Private Education" (hereinafter called the "Fund") as an irrevocable trust fund under and subject to the terms hereinafter specified:

SECTION 1. Fund for Assistance to Private Education. The principal of the Fund shall consist of the aforesaid sum of Six Million One Hundred Fifty-Four Thousand Dollars (\$6,154,000), U.S. currency, or its Philippine peso equivalent as provided in Section 6(a). In order to insure the enduring character of the Fund, the principal thereof shall be maintained intact but may be augmented from time to time by grants, donations and other lawful transfers by the Government of the Republic of the Philippines or any other public or private entity, the disposition of the income of which shall be governed by the terms and conditions hereinafter outlined.

The Fund shall be managed so as to maximize its earnings and in a prudent manner consistent with its character as a perpetual trust.

SECTION 2. Purpose of the Fund. The Fund shall be established for the purpose of financing programs of assistance to private education, utilizing only the earnings thereof, whether in the form of interests, dividends or capital gains, through grants and/or loans for faculty training and development in the forms of scholarships, research grants, faculty incentives, inter-institutional cooperative projects, and other programs of benefit to private education, but excluding any support of religious worship or instruction.

SECTION 3. Composition of Private Education Assistance Committee. A Committee which will serve as the trustee of the Fund and in this capacity shall administer, manage and supervise the operations of the Fund, which shall be known as the "Private Education Assistance Committee" (hereinafter called the "Trustee"), is hereby created and shall be composed of:

- a) The Secretary of Education or his representative, as Chairman;
- b) A representative from the National Economic Council, as member;

- c) A representative of the Catholic Educational Association of the Philippines, as member;
- d) A representative of the Association of Christian Schools and Colleges, as member; and
- e) A representative of the Philippine Association of Colleges and Universities, as member.

The members of this Committee shall serve without compensation.

SECTION 4. Functions and Responsibilities.
The Private Education Assistance Committee shall have the following functions and responsibilities:

- a) Set the investment policy of the Fund;
- b) Establish priorities, which shall be reviewed periodically and revised as necessary in accordance with changing conditions, among the various possible project areas defined by the guidelines hereinafter set forth in Section 10 hereof;
- c) Provide for the receiving and processing of projects sought to be financed by the Fund;
- d) Make all decisions on the use of the Fund's income and capital gains, including final action on individual applications for grants and/or loans;
- e) Avail of professional counsel and services by retaining an investment and financial manager, if desired;

- f) Ensure that materials descriptive of the origin of the Fund for Assistance to Private Education, projects undertaken through grants from the Fund, and buildings financed in whole or in part through grants from the Fund shall appropriately identify the contribution of the Special Fund for Education made available by the people of the United States of America in recognition of the common efforts of the Philippines and the United States during World War II;
- g) Perform such other acts and things as may be necessary proper or conducive to the purposes and objectives of the Fund and of its programs.

SECTION 5. Non-impairment of Trust Fund. In order to assure the enduring character of the trust fund, the Government of the United States of America and the Government of the Republic of the Philippines have mutually agreed that the trust fund specified in Section one hereof shall be operated strictly as a capital fund for investment and re-investment, and that the same shall be maintained intact, with only the net earnings of the Fund as hereinafter defined being authorized to be utilized for financing programs of assistance to private education but excluding any support of religious worship or instruction.

SECTION 6. Rules for Determining Impairment or Non-impairment of Trust Fund. For the purpose of establishing whether or not the trust fund herein constituted is being maintained intact and unimpaired, a determination must be made on April 30, August 31 and December 31 of each year (herein called the determination date/s) in accordance with the following rules:

- a) If as at a determination date, the total of the cash on hand and in bank, the

market value of the investments then held after adjusting for all accrued expenses as at that date, be at least equal to the dollar equivalent of the fund as provided in Section one hereof, or as such trust fund may have been augmented in accordance with the provisions of Section eight hereof, then in that event the trust fund shall be deemed to have maintained intact and unimpaired: Provided, That if any part, or all, of the fund shall be converted into Philippine pesos, or invested in the Philippines in assets the value of which is normally denominated in pesos, then the value of the fund which is not to be impaired will be determined in pesos for whatever portion of the fund is so converted, said value to be calculated by multiplying the actual number of dollars converted times the rate of exchange prevailing at the time the conversion or conversions are actually made.

- b) If as at a determination date, the total of the cash on hand and in bank, the market value of the investments then held be less than the dollar value or its peso equivalent of the trust fund as provided in Section one hereof, or as such trust fund may have been augmented in accordance with provisions of Section eight hereof, then in that event the trust fund shall be deemed not to have been maintained intact and unimpaired.
- c) Should the trust fund be determined not to have been maintained intact and unimpaired as at a determination date, then in that event no disbursement for programs or projects of assistance to private education shall

be authorized until after the succeeding determination date at which it shall be shown that the impairment of the trust fund has been remedied by the application of stricter control on the programming of expenses and other disbursements, or through the appreciation of the value of investments held or the receipt of additional cash derived or to be derived from interest, dividends or other rights on investments or from the proceeds of sale of investments whose value has been appreciated. Nothing in this paragraph contained shall, however, be construed to prevent the payment by the Trustee of reasonable expenses incident to the investment operations of the Fund as distinguished from expenses or disbursements for programs of assistance to private education. Neither shall the Trustee be deemed to have been temporarily disauthorized from paying the compensation of the administrative staff it has previously hired and could not lay off in the meantime either on legal grounds or because of the serious disruptive effects any such layoff may entail on the operations of the Fund, provided that provision in good faith shall be made to remedy this problem.

SECTION 7. Net Earnings from Investments of the Fund. The Fund shall be deemed to have "net earnings" that may be earmarked or disbursed for financing programs of assistance to private education if as at a determination date the total of the cash on hand and in bank, the market value of the investments then held, after adjusting for accrued expenses as of that date, be in excess of the dollar value of its peso equivalent of the trust fund provided in Section one hereof, or as such fund may be augmented in accordance with the

provisions of Section eight hereof. The dollar value or its peso equivalent of such excess shall be the maximum level of funds that may be earmarked or disbursed for financing programs of assistance to private education, for the period immediately following a determination date at which such net earnings have been established and until the succeeding determination date. In order, however, to provide a hedge against the impairment of trust fund, the Trustee shall, as far as practicable, refrain from committing funds for programs of assistance to private education in excess of ninety per cent (90%) of such net earnings.

SECTION 8. Additions to Trust Fund. The trust fund herein constituted may be augmented from time to time by grants, donations or other lawful transfers by the Government of the Republic of the Philippines, or any other public or private entity, the disposition of the principal and/or income of which shall likewise be governed by the provisions hereof, or by such special terms and conditions as may be imposed in the particular deed, bequest or other instrument or transfer covering such grants, donations or other transfers, and agreed to by the Trustee. Any unused earnings may be capitalized to increase the principal of the fund.

SECTION 9. Guidelines for Trustee Decisions. In arriving at decisions on individual project applications for grants, loans or other forms of financing from the Fund, the Trustee shall be guided by the following considerations which shall be weighed equally:

- a) The project's contribution to improvement in the quality of Philippine education;
- b) The project's relation to a field of study or specialization of high priority for national growth;

- c) The significance of the contribution, and potential contribution through the project, of the applying institution or association to educational needs in a specific geographic area or region in the Philippines;
- d) The amount of funds requested for the project as consistent with Fund assistance to as many institutions as possible; and
- e) An assessment of the institution's or association's past and current efforts to improve the quality of its education and that of its planning for the future.

SECTION 10. Concurrence of the Chairman. Decisions of the Trustee shall be made with the concurrence of the Chairman. The Trustee shall, when necessary, consult with the Philippine Manpower Development Council.

SECTION 11. Cooperation with Trustee. The Trustee may call upon any department, bureau, office, agency or instrumentality of the Government of the Republic of the Philippines, including government-owned or controlled corporations, for such assistance as it may desire and need in the pursuit of the purposes and objectives of the trust fund and the discharge of its functions and responsibilities.

SECTION 12. Meeting and Annual Report. The Trustee shall meet at such time as may be determined by the Chairman and shall render to the President of the Philippines an annual report of its activities. A copy of the annual report shall be furnished the Government of the United States of America, as provided in the aforementioned "Project Agreement" and "Exchange of Notes."

SECTION 13. Effectivity of the Order. This order shall take effect immediately.

Done in the City of Manila, this 5th day of
November, in the year of Our Lord, nineteen hundred
and sixty-eight.

(SGD.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(SGD.) JOSE J. LEIDO, JR.
Acting Executive Secretary

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