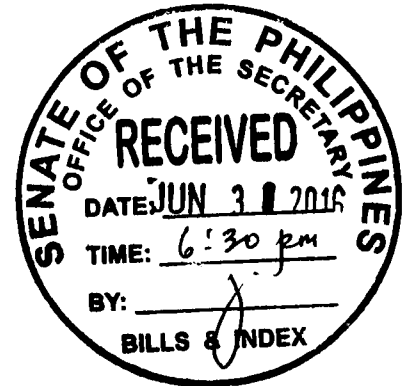


SEVENTEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
First Regular Session]

SENATE

S. No. 198



Introduced by SEN. SHERWIN T. GATCHALIAN

AN ACT
PROVIDING FOR FULL TUITION SUBSIDY IN STATE UNIVERSITIES AND
COLLEGES, AND APPROPRIATING FUNDS THEREFORE

EXPLANATORY NOTE

In the 1987 Constitution, the sovereign people have audaciously proclaimed "the right of all citizens to quality education at all levels¹," mandating the State to "take appropriate steps to make such education accessible to all²." In line with the State policy of accessible public education, basic and secondary education are made available free-of-cost to every Filipino child through the public education system. Thus, every Filipino is guaranteed the right to education up to the high school level.

Tertiary education, however, is a completely different story altogether. Glaring inequity in access to higher education continues to impede the Filipino's right to education at this pivotal level. In fact, according to the 2013 Annual Poverty and Indicator Survey (APIS), half of college-age youngsters were unable to pursue higher education due to financial constraints or the need to work and earn for the family. The financial difficulties of many families

¹ Art. XIV, Sec. 1, 1987 Constitution. (Emphasis added)

² Ibid.

that simply cannot afford to send their children to college deprives them of a powerful tool to lift themselves out of poverty - a college degree.

The Family and Income Expenditure Survey (FIES) 2012 shows that a family headed by a college graduate has an average family income more than two times larger than a family headed by a high school graduate. This, combined with studies showing more significant private returns on investment in higher education compared to secondary education³, demonstrated the singular power of higher education in improving economic outcomes for the most marginalized segments of our population. With such limited access to higher education, a vicious cycle emerges in which those who would benefit the most from a college education are prevented from obtaining one due to prohibitive costs.

The benefits of higher education, however, are not limited to the individual and his family. In terms of human capital formation, State investment in human capital gives its citizens the knowledge and ability to make the most of the limited resources available. This is what higher education provides, giving countries an advantage in the current global shift toward knowledge-based economies. In addition, higher education allows a country to produce and train more engineers and scientists who play a vital role in the uptake of new technology. By innovating or replicating technologies from more advanced economies, such specialists will contribute toward stimulating entrepreneurial activity and in turn help in job creation⁴. Thus, producing a better-educated workforce has immense implications on collective social and economic development, making inclusive growth a tangible reality.

Given the individual and social advantages of higher education, it would be greatly beneficial to the Philippines if higher education would be given the same level of importance as basic education and secondary

³ Psacharopoulos, G., "Returns to Investment in Education: A Global Update", 1994.

⁴ Ceyda Ozsoy (2008) "The Contribution of Higher Education to Economic Development".

education. This would mean implementing a simple but revolutionary education reform - the institutionalization of tuition-free tertiary education. Instituting tuition-free tertiary education in state universities and colleges (SUCs) would increase access to the Philippine higher education system to the level of developed countries with firm commitments to public education, such as Denmark, Finland, Germany, and Sweden, as well as strong emerging economies which have followed in their footsteps, such as Brazil and Chile.

In 2014, the government fell short of its spending target, meaning there are funds that have not been spent accordingly. For infrastructure alone, the shortfall amounted to P89 billion.⁵ This is more than enough to have funded tuition-free education for students in SUCs for at least the last five years. For fiscal year 2014, the SUCs had an unutilized budget amounting to P5.64 billion.⁶ These funds alone would make up approximately one-third (1/3) of the estimated funding needed for 2016. And for the said fiscal year 2016, the government is running under a budget of about P3 trillion.⁷ The sum required to make SUCs tuition-free in the country would amount to P12.6 to 16.4 billion⁸ which is about 0.42 to 0.55 percent of the 2016 budget, which is a reasonable and easily justifiable budget appropriation to make considering the program's vast positive effects on individual and collective development.

Therefore, this legislation seeks to provide for a full tuition subsidy for all current and future enrollees in SUCs. Qualified Filipino citizens will be able to avail of the full tuition subsidy, provided they maintain good academic and moral standing. The tuition fees to be paid by the students will instead

⁵ Pena, Z.B.D., "Gov't infra spending falls below target in 2014", The Philippine Star, May 2015. <<http://www.philstar.com/business/2015/05/01/1449761/govt-infra-spending-falls-below-target-2014>>

⁶ COA: FY 2014 Annual Report on Appropriations, Allotments, Obligations and Disbursements

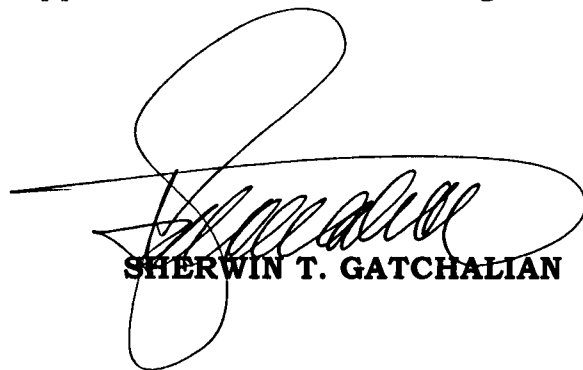
⁷ Flores, M.F.E., "Up to P3 trillion eyed for 2016 budget", Business World Online, April 26, 2015. <<http://www.bworldonline.com/content.php?section=TopStory&title=up-to-p3-trillion-eyed-for-2016-budget&id=106843>>.

⁸ CHED: State Universities and Colleges Statistical Bulletin 2013-2014

be paid directly by the government to the SUCs.

It is time for us to secure, once and for all, the Filipino's right to higher education through decisive action. It is time for us to institute a reform which will ensure that millions of deserving but underprivileged young men and women will be given their rightful opportunity to pursue a college degree. By passing this legislation, we are making a genuine and tangible collective commitment to building the world-class education system that our people deserve.

Support for the passage and approval of this landmark legislation is earnestly sought.



SHERWIN T. GATCHALIAN

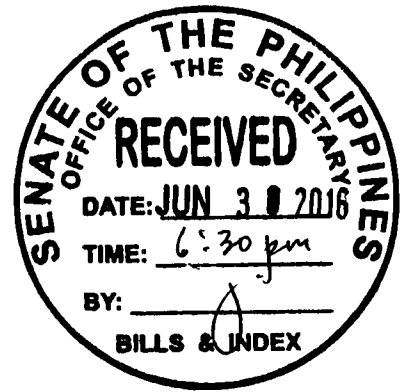
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AN ACT
PROVIDING FOR FULL TUITION SUBSIDY IN STATE UNIVERSITIES AND
COLLEGES, AND APPROPRIATING FUNDS THEREFORE

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

1 SECTION 1. **Short Title.** - This Act shall be known as the "*Free Higher*
2 *Education Act.*"

3 SEC. 2. **Declaration of Policy.** - It is hereby declared that accessible
4 and quality education is an inalienable right of the Filipino. Therefore, the
5 State shall renew its constitutionally mandated duty to make education its
6 top budgetary priority by providing tuition-free higher education courses in
7 SUCs.

8 SEC. 3. **Full Tuition Subsidy.** - All Filipino citizens who are either
9 currently enrolled at the time of effectivity of this Act, or shall enroll at any
10 time thereafter, in courses in pursuance of a bachelors degree, certificate
11 degree, or any comparable undergraduate degree in any SUC shall be exempt
12 from paying tuition fees for any units enrolled in any SUC, unless they are

1 disqualified under the provisions of this Act or by any other provision of law.

2 SEC. 4. **Exceptions.** - The provisions of the next preceding Section of
3 this Act notwithstanding, the following are hereby disqualified and deemed
4 ineligible for the full tuition subsidy:

5 a) Persons who have already attained a bachelors degree or
6 equivalent degree from any higher education institution, whether
7 public or private;

8 b) Persons who have been dishonorably discharged from any higher
9 education institution, whether public or private, for any reason other
10 than financial difficulty in paying tuition and other fees;

11 c) Persons who have been convicted of any crime involving moral
12 turpitude;

13 d) Persons who fail to regain good academic standing within their
14 respective SUCs after one (1) year upon being placed on academic
15 probation or delinquent status;

16 SEC. 5. **Special Tuition Subsidy Fund** - The Special Tuition Subsidy
17 Fund, hereinafter referred to as the Fund, is hereby established. The Fund
18 shall be used solely for the purposes of implementing the full tuition subsidy
19 under the provisions of this Act. Tuition fees for units enrolled by persons
20 eligible for the tuition benefit under the provisions of this Act, payable to
21 SUCs, shall be paid from this Fund.

22 SEC. 6, **Administration of the Fund** - The Fund shall be administered
23 by the Commission on Higher Education (CHED), with the following powers
24 and functions:

25 a) Manage and administer the Fund;

26 b) Device a reporting mechanism to be implemented by the SUCs
27 which will detail the exact amount of tuition fee subsidy availed
28 of by persons eligible for the full tuition subsidy under this Act;

29 c) Formulate and implement an efficient and transparent
30 mechanism to ensure the payment of tuition fees to the
31 respective SUCs, pursuant to the provisions of this Act, using

1 money from the Fund;

2 d) Resolve and mediate disputes concerning the ineligibility or
3 disqualification of persons from the full tuition subsidy under the
4 provisions of this Act or any other provision of law; and

5 e) Any other powers or functions necessary for the implementation
6 of
7 the provisions of this Act.

8 **SEC. 7. Tuition Report.** - The President of each SUC shall submit to
9 the CHED, within five (5) days after the last day of late registration for each
10 semester, a report detailing the number of units enrolled by persons eligible
11 for the full tuition subsidy in their institution, as well as the tuition fee
12 amount due based on the
13 number of units enrolled.

14 **SEC. 8. Payment from Fund** - The CHED shall ensure the full payment
15 of tuition fees due to the SUC, as reported under the next preceding Section
16 of this Act, no later than thirty (30) days after the submission of the report to
17 the CHED: *Provided*, That the CHED shall reserve the right to disallow the
18 payment of any reported fees which are anomalous or irregular, until further
19 investigation has been conducted.

20 **SEC. 9. Accountability Report.** - At the end of each academic
21 semester, the President of each SUC shall submit to the CHED a report
22 reconciling the funds received from the Fund. Any unused or improperly
23 disbursed amount shall be returned immediately to the Fund.

24
25 **SEC. 10. Midterm Report.** - Starting during the first school year upon
26 effectivity of this Act, the CHED shall conduct a mandatory review and submit
27 a midterm report to Congress as to the status of implementation of this Act.

28 The CHED shall include among others, in this midterm report, the
29 following key metrics of access to and quality of public tertiary education:

- 30 a) Enrollment rate;
31 b) Student demographics;

- 1 c) Graduation rate;
- 2 d) Gross tuition receipts;
- 3 e) Disqualification and ineligibility;
- 4 f) Teachers' welfare and training profiles;
- 5 g) Adequacy of funding requirements; and
- 6 h) Other educational quality indicators, including but not limited to
- 7 physical learning infrastructure, teacher-to-student ratio, and
- 8 student housing.

9 SEC. 11. **Appropriations.** - The amount of necessary to carry out the
10 provisions of this Act shall be included in the budget of the CHED and the
11 concerned SUCs in the annual General Appropriations Act.

12 SEC. 12. **Implementing Rules and Regulations.** - Within (60) days
13 from the effectivity of this Act, the CHED shall promulgate the implementing
14 rules and regulations necessary to ensure the efficient and effective
15 implementation of this Act.

16 SEC. 13. **Separability Clause.** - Should any part of this Act be
17 declared unconstitutional, the rest of the provisions of this Act shall continue
18 to be in effect and subsisting.

19 SEC. 14. **Repealing Clause.** - The provisions of other laws, decrees,
20 executive orders, rules and regulations inconsistent with this Act are hereby
21 repealed, amended, or modified accordingly.

22 SEC. 15. **Effectivity.** - This Act shall take effect fifteen (15) days after
23 its publication in the *Official Gazette* and/or in at least two (2) national
24 newspapers in general circulation.

Approved,