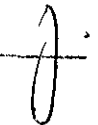


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SENATE

S. No. 2986

RECEIVED BY: 

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Introduced by Senator Ralph G. Recto

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**AN ACT**  
**PROVIDING FOR A FULL TUITION SUBSIDY FOR STUDENTS ENROLLED IN**  
**STATE UNIVERSITIES AND COLLEGES (SUCs), AND APPROPRIATING FUNDS**  
**THEREFOR**

**Explanatory Note**

The system of free public basic education has long been in existence in the Philippines. Free and compulsory elementary education was established by the Malolos Constitution in 1899, whereas free secondary education was formalized with the enactment of Republic Act No. 6655 in 1988. Tertiary education in State Universities and Colleges (SUCs), however, has never been free albeit government subsidy.

The budget allocation to basic education has been getting a substantial share in the national expenditures and has continued to increase over the years. It has gone from 12.3% of the National budget in 2009 to 14.4% in 2016. Whereas, the subsidy provided to SUCs by the National Government (NG) has remained at lower levels. Since 2005 to date, the SUCs' share of the NG budget has never gone beyond the 2% mark<sup>1</sup>.

According to FY 2014 data, the estimated annual government cost per student in an SUC is at an average of P21,000. This drives SUCs to internally generate their own income through the collection of tuition fees and through grants and donations, among others, to sustain the cost of their operations. In 2014, income collected by 114 SUCs nationwide from tuition fees amounted to P7.9 Billion while other income collected from students totaled P4.7 Billion<sup>2</sup>. Tuition fees that form part of students' out-of-pocket expenses for their college education range from as low as P12 to as high as P1,000 per unit and are expected to increase further to adjust for inflation. These fees become one of the compelling reasons that discourage some students to pursue and finish tertiary education.

Results from the 2013 Functional Literacy, Education and Mass Media Survey (FLEMMS) show that among the primary reasons for not attending school were insufficient family income and high cost of education.

Finishing higher education has a significant impact on income and employment. The average daily wage that a college graduate could receive is 140% more than that of a high school graduate<sup>3</sup>. The significant difference in income is a good reason to put sustained investments in tertiary education.

Thus, this bill<sup>4</sup> seeks to provide for a full tuition subsidy to students enrolled in SUCs. This translates to an estimated additional subsidy to SUCs equivalent to the amount collected from tuition fees and other fees collected from students. The initial funding requirement shall be

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<sup>1</sup> Budget Facts and Figures Vol. 2, Jan-Mar 2014, Legislative Budget Research and Monitoring Office

<sup>2</sup> Data from CHED

<sup>3</sup> Results from the 2011 Labor Force Survey

<sup>4</sup> This bill is a counterpart measure to House Bill No. 5905 filed by Rep. Sherwin Gatchalian.

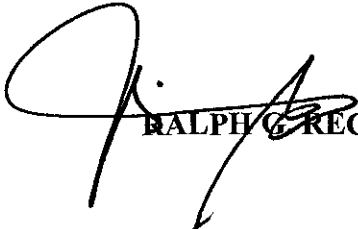
sourced from the fifty percent (50%) share of the National Government from the annual gross income of the Philippine Amusement and Gaming Corporation (PAGCOR).

The goal of this measure is to reduce the out-of-pocket expenses which hinder some students from completing tertiary education. The government can now afford this reform due to its more stable macroeconomic position brought about by prudent fiscal policies, an improved tax collection efficiency, and a remarkable economic performance.

Accordingly, in 2014, government spending fell short of its targets. The underspent funds of the SUCs which amounted to P4.2 Billion<sup>5</sup> in 2014 could already form a substantial part of the fund needed for the full tuition subsidy. The total amount to make SUCs tuition-free would be equivalent to just about 0.4 percent of the 2016 budget, which is a rational and sustainable allocation given its positive impact to economic and social development.

As expressed in the Philippine Development Plan, the country's vision of inclusive growth and development entails sustained investment in human capital, particularly through the provision of quality basic education, competitive technical vocational skills training, and relevant and responsive higher education. Significant results can then be realized by making higher education competitive and responsive to national development goals.

In view of the foregoing, approval of this bill is earnestly sought.



RALPH RECTO

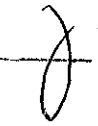
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<sup>5</sup> Agency Budget Notes, State Universities and Colleges for FY 2016, CPBRD

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**AN ACT**  
**PROVIDING FOR A FULL TUITION SUBSIDY FOR STUDENTS ENROLLED IN STATE UNIVERSITIES AND COLLEGES (SUCs), AND APPROPRIATING FUNDS THEREFOR**

*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 "*Tuition-Free Higher Education*  
2 *Act of 2015.*"

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

7     **SEC. 3. Eligibility to the Full Tuition Subsidy.** – All Filipino citizens who are either currently  
8 enrolled at the time of effectivity of this Act, or shall enroll at any time thereafter, in courses in  
9 pursuance of a bachelor's degree, certificate degree, or any comparable undergraduate degree in  
10 any state university or college shall be exempt from paying tuition fees: *Provided*, That they  
11 meet the admission requirements of the SUCs where they intend to enroll in.

12     **SEC. 4. Special Tuition Subsidy Fund.** – The Special Tuition Subsidy Fund, hereinafter  
13 referred to as the Fund, is hereby established. The Fund shall be used solely for the purpose of  
14 implementing the full tuition subsidy under the provisions of this Act. Tuition fees for units  
15 enrolled by persons eligible for the tuition benefit under the provisions of this Act, payable to  
16 state universities and colleges, shall be paid from this Fund.

17     **SEC. 5. Administration of the Fund.** – The Fund shall be administered by the Commission on  
18 Higher Education and shall have the following powers and functions:

- 19     a) Manage and administer the Fund;
- 20     b) Devise a reporting mechanism to be implemented by the state universities and  
21 colleges which will detail the exact amount of tuition fee subsidy availed of by  
22 persons eligible for the full tuition subsidy under this Act;
- 23     c) Formulate and implement an efficient and transparent mechanism to ensure the  
24 payment of tuition fees, using money from the Fund, to the respective state  
25 universities and colleges, pursuant to the provisions of this Act;

- 1 d) Resolve and mediate disputes concerning the ineligibility or disqualification of  
2 persons from the full tuition subsidy under the provisions of this Act or any other  
3 provision of law; and  
4 e) Any other powers or functions necessary for the implementation of the provisions  
5 of this Act.

6 **SEC. 6. Tuition Report.** – The President of each state university or college shall submit to the  
7 Commission on Higher Education (CHED), within five (5) days after the last day of late  
8 registration for each semester, a report detailing the names of persons eligible for the full tuition  
9 subsidy in their institution, as well as the amount of tuition fee due based on the number of units  
10 enrolled.

11 **SEC. 7. Payment from the Fund.** – The CHED shall ensure the full payment of tuition fees  
12 due to the state university or college, as reported under the next preceding section of this Act, no  
13 later than thirty (30) days after the submission of the report to the CHED: *Provided,* That the  
14 CHED shall reserve the right to withhold or disallow the payment of any reported fees which are  
15 perceived to be anomalous or irregular until further investigation has been conducted.

16 **SEC. 8. Accountability Report.** – At the end of each academic semester, the President of each  
17 state university or college shall submit to the CHED a report reconciling the funds received from  
18 the Fund. Any unused or improperly disbursed amount shall be returned immediately to the  
19 Fund.

20 **SEC. 9. Midterm Report.** – Starting the first school year upon the effectivity of this Act, the  
21 CHED shall conduct a mandatory review and submit a midterm report to Congress as to the  
22 status of implementation of this Act.

23 In this midterm report, the following key metrics of access to and quality of public tertiary  
24 education:

- 25 a) Enrollment rate;  
26 b) Student demographics;  
27 c) Graduation rate;  
28 d) Gross tuition receipts;  
29 e) Disqualification and ineligibility;  
30 f) Teachers' welfare and training profiles;  
31 g) Adequacy of funding requirements; and  
32 h) Other educational quality indicators, including but not limited to physical learning  
33 infrastructure, teacher-to-student ratio, and student housing.

34 **SEC. 10. Appropriations.** – The amount necessary to carry out the implementation of this Act  
35 shall be initially charged against the fifty percent (50%) share of the National Government from  
36 the annual gross income of the Philippine Amusement and Gaming Corporation (PAGCOR).  
37 Thereafter, such amounts necessary to effectively carry out the provisions of this Act shall be  
38 included in the annual General Appropriations Act.

1       **SEC. 11. *Implementing Rules and Regulations.*** – Within (60) days from the effectivity of this  
2 Act, the CHED shall promulgate the implementing rules and regulations necessary to ensure the  
3 efficient and effective implementation of this Act.

4       **SEC. 12. *Separability Clause.*** – Should any part of this Act be declared unconstitutional, the  
5 rest of the provisions of this Act shall continue to be in effect and subsisting.

6       **SEC. 13. *Repealing Clause.*** – The provisions of other laws, decrees, executive orders, rules  
7 and regulations inconsistent with this Act are hereby repealed, amended, or modified  
8 accordingly.

9       **SEC. 14. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the  
10 Official Gazette and/or in at least two (2) national newspapers in general circulation.

Approved,