611 Phil. 258

SECOND DIVISION

[G.R. No. 177594, July 23, 2009]

UNIVERSITY OF SAN AGUSTIN, INC. PETITIONERS, VS. UNIVERSITY OF SAN AGUSTIN EMPLOYEES UNION-FFW, RESPONDENT.

D E C I S I O N

CARPIO MORALES, J.:

The University of San Agustin, Inc. (petitioner) seeks via the present petition for review on certiorari partial reconsideration of the Court of Appeals Decision of April 28, 2006[1] and Resolution of April 18, 2007[2] which modified the Voluntary Arbitrator's Decision dated June 16, 2003[3] and Resolution dated July 17, 2003[4] in VA Case No. 139-06-03-2003.

On July 27, 2000, petitioner forged with the University of San Agustin Employees Union-FFW (respondent) a Collective Bargaining Agreement[5] (CBA) effective for five (5) years or from July, 2000 to July, 2005. Among other things, the parties agreed to include a provision on salary increases based on the incremental tuition fee increases or tuition incremental proceeds (TIP) and pursuant to Republic Act No. 6728, The Tuition Fee Law. The said provision on salary increases reads:

> ARTICLE VIII
>
> Economic Provisions
>
> x x x x
>
> Section 3. Salary Increases. The following shall be the increases under this Agreement.
>
> SY 2000-2001 - P2,000.00 per month, across the board.
> SY 2001-2002 - **P1,500.00 per month or 80% of the TIP, whichever is higher, across the board.**
> **SY 2002-2003 - P1,500.00 per month or 80% of the TIP, whichever is higher, across the board.** (Emphasis supplied)

It appears that for the School Year 2001-2002, the parties disagreed on the computation of the salary increases.

Respondent refused to accept petitioner's proposed across-the-board salary increase of P1,500 per month and its subtraction from the computation of the TIP of the scholarships and tuition fee discounts it grants to deserving students and its

employees and their dependents.

Respondent likewise rejected petitioner's interpretation of the term "salary increases" as referring not only to the increase in salary but also to corresponding increases in other benefits.

Respondent argued that the provision in question referred to "salary increases" alone, hence, the phrase "P1,500.00 or 80% of the TIP, whichever is higher," should apply only to salary increases and should not include the other increases in benefits received by employees.

Resort to the existing grievance machinery having failed, the parties agreed to submit the case to voluntary arbitration.

By Decision of June 16, 2003, Voluntary Arbitrator (VA) Indalecio P. Arriola of the Department of Labor and Employment- National Conciliation and Mediation Board, Sub-Regional Office No. VI found for respondent, holding that the salary increases shall be paid out of 80% of the TIP should the same be higher than P1,500. The VA ratiocinated that the existing CBA is the law between the parties, and as it is not contrary to law, morals and public policy and it having been shown that the parties entered into it voluntarily, it should be respected.

As to petitioner's deduction of scholarship grants and tuition fee discounts from the TIP, the VA ruled that it is invalid, petitioner having waived the collection thereof when it granted the same - a waiver which its employees had nothing to do with - and the employees should not be made to bear or suffer from the burden.

Petitioner's move to reconsider the VA Decision was denied by Order of July 27, 2003, hence, it appealed to the Court of Appeals.

By Decision of April 28, 2006, the appellate court sustained the VA's interpretation of the questioned CBA provision but reversed its finding on the TIP computation.

The appellate court held that the questioned CBA provision is clear and unambiguous, hence, it should be interpreted literally to mean that 80% of the TIP or P1,500, whichever is higher, is to be allotted for the employees' salary increases.

Respecting the deduction of scholarship grants and tuition fee discounts from the computation of the TIP, the appellate court held that by its very nature, the TIP excludes any sum which petitioner did not obtain or realize, hence, it is only fair that the same be deducted. The appellate court noted, however, that as to scholarship grants and tuition fee discounts which are fully or partly subsidized by the government or private institutions and individuals, petitioner should include them in the TIP computation.

Petitioner's motion for partial reconsideration of the appellate court's Decision on the interpretation of the questioned CBA provision, as well respondent's motion for reconsideration of the Decision on computation of the TIP, was denied.

Hence, the present petition which seeks only the review of the appellate court's interpretation of the questioned provision of the CBA.

Petitioner maintains that, like the VA, the appellate court erred in interpreting the questioned provision of the above-quoted Sec. 3, Art. VIIII of the CBA, since Sec. 5(2) of R.A. 6728 only mandates that 70% of the TIP of academic institutions is to be set aside for employees' salaries, allowances and other benefits, while at least 20% thereof is to go to the improvement, modernization of buildings, equipment, libraries and other school facilities.

Petitioner adds that the interpretation of the provision that 80% of the TIP should go to salary increases alone, to the exclusion of other benefits, is contrary to R.A. 6728, citing *Cebu Institute of Medicine v. Cebu Institute of Medicine Employees' Union-NFL.*[6]

Petitioner thus concludes that the general principle that the CBA is the law between the parties is unavailing as it is the law, not the stipulations of the parties, which should prevail.

Upon the other hand, respondent, in its Comment[7], maintains that the questioned provision speaks of salary increases alone and was not intended to include other benefits. It asserts that petitioner, in refusing to utilize the 80% of the TIP for salary increases alone, does not want to honor what it voluntarily and knowingly agreed upon in the CBA.

Additionally, respondent points out that petitioner never claimed that its consent to the CBA was vitiated with fraud, mistake or intimidation, and that petitioner has always been aware of the provisions of R.A. 6728 and was even assisted by its accountants, internal and external legal counsels during the CBA negotiations, hence, it can not now renege on its commitment under Sec. 3. Art. VIII of the CBA.

The petition is bereft of merit.

Sec. 3, Art. VIII of the 2000-20005 CBA reads:

ARTICLE VIII

Economic Provisions

x x x x

> Section 3. Salary Increases. The following shall be the increases under this Agreement.
>
> > SY 2000-2001 - P2,000.00 per month, across the board.
> > SY 2001-2002 - **P1,500.00 per month or 80% of the TIP, whichever is higher, across the board.**
> > **SY 2002-2003 - P1,500.00 per month or 80% of the TIP, whichever is higher, across the board.** (Emphasis supplied)

It is a familiar and fundamental doctrine in labor law that the CBA is the law between the parties and they are obliged to comply with its provisions.[8] If the

terms of a contract, in this case the CBA, are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of their stipulations shall control.[9]

A reading of the above-quoted provision of the CBA shows that the parties agreed that 80% of the TIP or at the least the amount of P1,500 is to be allocated for individual salary increases.

The CBA does not speak of any other benefits or increases which would be covered by the employees' share in the TIP, except salary increases. The CBA reflects the incorporation of different provisions to cover other benefits such as Christmas bonus (Art. VIII, Sec. 1), service award (Art. VIII, Sec.5), leaves (Article IX), educational benefits (Sec.2, Art. X), medical and hospitalization benefits (Secs. 3, 4 and 5, Art. 10), bereavement assistance (Sec. 6, Art. X), and signing bonus (Sec. 8, Art. VIII), without mentioning that these will likewise be sourced from the TIP. Thus, petitioner's belated claim that the 80% TIP should be taken to mean as covering ALL increases and not merely the salary increases as categorically stated in Sec. 3, Art. VIII of the CBA does not lie.

Apropos is the ruling in *St. John Colleges, Inc., vs. St. John Academy Faculty and Employees' Union*[10] where the Court held that the school committed Unfair Labor Practice (ULP) when it unceremoniously closed down allegedly because of the union's unreasonable demands including its insistence on having 100% of the incremental tuition fee increase allotted for their members' benefits to be embodied in the CBA. In striking down the school's defense, the Court held:

> **That SJCI agreed to appropriate 100% of the tuition fee increase to the workers' benefits sometime in 1995 does not mean that it was helpless in the face of the Union's demands because neither party is obligated to precipitately give in to the proposal of the other party during collective bargaining.** (Emphasis supplied)

In the present case, petitioner could have, during the CBA negotiations, opposed the inclusion of or renegotiated the provision allotting 80% of the TIP to salary increases alone, as it was and is not under any obligation to accept respondent's demands hook, line and sinker. Art. 252 of the Labor Code is clear on the matter:

> ART. 252. *Meaning of duty to bargain collectively*. - **The duty to bargain collectively means the performance of a mutual obligation to meet and convene promptly and expeditiously in good faith for the purpose of negotiating an agreement** with respect to wages, hours, of work and all other terms and conditions of employment including proposals for adjusting any grievances or questions arising under such agreement and executing a contract incorporating such agreements if requested by either party **but such duty does not compel any party to agree to a proposal or to make any concession.** (Emphasis supplied)

The records are thus bereft of any showing that petitioner had made it clear during