

THIRD DIVISION

[G.R. No. 155609, January 17, 2005]

**ST. JOSEPH'S COLLEGE, PETITIONER, VS. ST. JOSEPH'S COLLEGE
WORKERS' ASSOCIATION (SAMAHAN), RESPONDENT.**

DECISION

PANGANIBAN, J.:

The law allows an increase in school tuition fees on the condition that 70 percent of the increase shall go to the payment of personnel benefits. Plainly unsupported by the law or jurisprudence is petitioner's contention that the payment of such benefits should be based not only on the rate of tuition fee increases, but also on other factors like the decrease in the number of enrollees; the number of those exempt from paying the fees, like scholars; the number of dropouts who, as such, do not pay the whole fees; and the bad debts incurred by the school. The financial dilemma of petitioner may deserve sympathy and support, but its remedy lies not in the judiciary but in the lawmaking body.

The Case

Before us is a Petition for Review^[1] under Rule 45 of the Rules of Court, challenging the June 14, 2002 Decision^[2] and the October 9, 2002 Resolution^[3] of the Court of Appeals (CA) in CA-GR SP No. 69268. The assailed Decision disposed as follows:

"WHEREFORE, premises considered, the present petition is hereby GIVEN DUE COURSE, and the writ prayed for, accordingly GRANTED. The DECISION dated December 27, 2001 and Resolution dated January 31, 2002 issued by the Panel of Voluntary Arbitrators composed of Aniano G. Bagabaldo, Angel A. Ancheta and Norberto M. Alensuela in Case No. AGB-AVA-2001-01 are hereby ANNULLED and SET ASIDE. Consequently, this case is hereby remanded to it (Panel of Voluntary Arbitrators) for re-computation of the disputed incremental proceeds for School Year 2000-2001 in accordance with the foregoing discussion with utmost deliberate dispatch.

"No pronouncement as to costs."^[4]

The assailed Resolution denied petitioner's Motion for Reconsideration.

The Facts

The appellate court summarized the facts^[5] as follows:

"Petitioner is a non-stock, non-profit Catholic educational institution while respondent is a legitimate labor organization which is currently the

official bargaining representative of all employees of petitioner except the faculty and consultants of the Graduate School, managerial employees and those who occupy confidential positions. Respondent has an existing Collective Bargaining Agreement (CBA) with petitioner for the period from June 1, 1999 to May 31, 2004.

"For the school year 2000-2001, petitioner increased its tuition fees for all its departments. Thus, in accordance with Article VII, Section 1 of its CBA with respondent, which reads:

"Sec. 1. Tuition Fee Increases. – The SCHOOL shall allocate eighty-five percent (85%) of incremental proceeds from every tuition fee increase solely and expressly for adjustments in employee salaries and benefits, including those that will be legally mandated during the lifetime of this CBA.'

"[P]etitioner computed the incremental proceeds from the said tuition fees increase using the following formula:

" $Y2 - Y1 = \text{Incremental Proceeds}$

" $Y2 = \text{year 2 tuition fee income}$
= (Y2 increased tuition fee) x (Y2 number of enrollees)
= total tuition fee collection for SY 2000-2001

" $Y1 = \text{year 1 tuition fee income}$
= (Y1 tuition fee) x (Y1 number of enrollees)
= total tuition fee collection for SY 1999-2000

"Based on petitioner's computation, the incremental proceeds from the tuition fees increase for school year 2000-2001 is P1,560,942.74, eighty-five percent (85%) of which is equivalent to P1,326,801.33. On January 31, 2001, petitioner provided respondent with the results of its computation with the request that it be advised on how its members would like the school to implement the aforesaid increase, whether as part of their basic salary or as allowances.

"On February 1, 2001, respondent presented to petitioner its computations of the incremental proceeds which greatly differed from the amount stated by the latter. The incremental proceeds, as computed by respondent amounted to P4,906,307.58 having been arrived at using the following formula:

" $IP = N (TF2 - TF1)$

"where:

IP = Incremental Proceeds Per Level

N = Net Number of Students of Present School Year

TF2 = Tuition Fee (Present School Year)

TF1 = Tuition Fee (Previous School Year)

"The Total Incremental Proceeds (TIP) is then computed by adding the incremental proceeds of all levels in all departments.

" $TIP = TIP$

"where:

"IP = Incremental Proceeds Per Level

"Consequently, respondent averred that eighty-five percent (85%) of P4,906,307.58, which is P4,170,360.59 should have been released to its members as provided for in their CBA effective June 1, 2000.

"Thereafter, petitioner informed respondent that the computation it (respondent) submitted was erroneous as the tuition fee income for School Year 1999-2000 was understated when it used as base figure the expected number of enrollees instead of the actual number of enrollees for said School Year.

"Respondent refused to accept the results of petitioner's computation. Petitioner, on the other hand, likewise rejected respondent's computation of the incremental proceeds from the tuition fees increases. Hence, the parties resorted to voluntary arbitration.

"Petitioner asseverated that in computing the incremental proceeds from the tuition fees increase, whereby eighty-five percent (85%) of which is to be given to the members of respondent, the base figure for computing the previous school year's income should be the previous school year's number of enrollees and not that of the current year. In other words, the income for the School Year 1999-2000 should be computed based on the figures for that year. Thus, if the tuition fee income for the previous year be smaller than the current year, then there would be incremental proceeds that will be released to the employees. However, if the tuition fee income for the previous year is higher than the current year, then despite the tuition fee increase, no incremental proceeds will be distributed or at least only a minimal amount would only be subject for distribution.

"In refutation, respondent claimed that for the past several school years (1996-1997; 1997-1998; 1998-1999; 1999-2000), petitioner has been using the formula it used in computing the incremental proceeds for the year 2000-2001. To use a revised formula, as petitioner did, a sharp reduction of the incremental proceeds would result. Moreover, respondent emphasized that if the formula adopted by petitioner is used to compute the incremental proceeds whereby the decrease in number of students enrolling in the current year is taken into consideration, the same would run counter to the ruling of the Supreme Court in the case of *Cebu Institute of Technology v. Ople* (156 SCRA 633) as it would[,] in effect[,] charge from the reserved incremental proceeds for the wages and benefits of the employees the losses sustained by the school in the current year.

"After the parties hereto were heard and their supporting documentary

evidence presented, the Panel of Voluntary Arbitrators, composed of Aniano G. Bagabaldo, Angel A. Ancheta and Norberto M. Alensuela rendered a Decision dated December 27, 2001, the dispositive portion of which reads:

'WHEREFORE, all foregoing premises considered, this Panel of Voluntary Arbitrators Rules and Orders:

'1. That the formula of computation used in the case of tuition fee increases for the School Years 1997-1998; 1998-1999; 1999-2000 to be more correct and realistic formula and the same should be used and applied in computing the 85% portion of the incremental proceeds of the tuition fee increase collected by the school for the School Year 2000-2001 which should be allocated for the employees salaries and benefits under Section 1, Article VIII of the existing CBA;

'2. The respondent school to pay the teachers and other school employees concerned of their backwages, allowances and other benefits out of the tuition fee increase for the School Year 2000-2001 retroactively effective on June 1, 2000 based on the above-said formula of computation;

'3. The parties to use and apply the same scheme of allocation and distribution they used before in determining the amount of backwages and allowances, other benefits that teachers and other qualified employees should receive out of the incremental proceeds of tuition increase for the School Year 2000-2001;

'4. The respondent school to pay the additional amount equivalent to ten percent (10%) of the employees backwages, allowances, and other benefits for the service of fees of the Labor Relations Adviser of the Union inclusive for expenses incurred by the Union in this litigation.

'5. The respondent school to strictly effect compliance with the Monetary Awards within ten (10) days from receipt of this Decision.

'SO ORDERED.'

"Displeased by the above ruling, petitioner moved for reconsideration thereof which was denied by AVA Ancheta and AVA Alensuela in a Resolution dated January 31, 2002."^[6]

Consequently, respondent appealed to the CA the Decision and the Resolution of the Panel of Arbitrators.^[7]

Ruling of the Court of Appeals

The Court of Appeals ruled that the proper computation for the incremental

proceeds should be as follows:

$$\frac{\text{"Increased Tuition Fee (rate) - Previous Tuition Fee (rate) =}}{\text{Tuition Fee Increase for Current Year}}$$

X

$$\frac{\text{[Number] of Actual Enrollees for Current Year =}}{\text{Incremental Proceeds for Current Year}}$$

"NOTE: The computation of the incremental proceeds for the tertiary level will be on a per unit basis as the number of units taken by an enrollee may differ from another enrollee notwithstanding the fact that they are on the same level/year."^[8]

The CA, in effect, agreed with the computation presented by respondent.^[9] To determine the meaning of incremental proceeds, the appellate court cited Section 5 of Republic Act 6728 (the "Government Assistance to Students and Teachers in Private Education Act"), which states that seventy percent (70%) of the proceeds from the tuition fee increase must be given to the teaching and the nonteaching personnel of the school in the form of increases in salaries and benefits.^[10]

The CA reasoned that the above computation attains the objective of the law.^[11] Thus, it remanded the case to the panel for re-computation of the incremental proceeds.^[12]

Hence, this Petition.^[13]

The Issue

In its Memorandum,^[14] petitioner states the issue in the following manner:

"This petition respectfully asks this Honorable Court to settle once and for all the meaning of 'incremental proceeds' from tuition fee increases x x x.

"Specifically, petitioner submits the question of whether or not there are 'incremental proceeds from a tuition fee increase' to be distributed as mandated by Republic Act No. 6728 when a school increases tuition fees for a succeeding school year but *actually* ends up with a *lower income* than the previous school year because some of its students can no longer afford the higher tuition and are forced to drop out or transfer to another school, public or private, which charges a lower tuition fee they can afford.

"Petitioner x x x submit[s] that in this situation, though there is a 'tuition fee increase', there is no 'incremental proceeds' that is derived from the tuition fee increase, and therefore there is nothing to distribute to the employees. Put in another way, it submits that because there is no