

THIRD DIVISION

[G.R. No. 223621, June 10, 2020]

**FATHER SATURNINO URIOS UNIVERSITY (FSUU) INC., AND/OR
REV. FR. JOHN CHRISTIAN U. YOUNG - PRESIDENT,
PETITIONERS, VS. ATTY. RUBEN B. CURAZA, RESPONDENT.**

**CATHOLIC EDUCATIONAL ASSOCIATION OF THE PHILIPPINES,
PETITIONER-IN-INTERVENTION.**

DECISION

LEONEN, J.:

This Court resolves the Petition for Review on *Certiorari*^[1] filed by Father Saturnino Urios University, Inc. and Rev. Fr. John Christian U. Young, assailing the Court of Appeals Decision^[2] with regard to part-time employee Atty. Ruben B. Curaza's (Atty. Curaza) eligibility for retirement benefits under Republic Act No. 7641.

Father Saturnino Urios University (the University) hired Atty. Curaza to teach commercial law subjects in the Commerce Department during the second semester of school year 1979 to 1980. He was subsequently given teaching loads in the College of Engineering and the College of Arts and Sciences. He later taught subjects as a pioneering professor in the College of Law.^[3]

On November 21, 2008, Atty. Curaza wrote a letter applying for early retirement, pursuant to the University's Personnel Policy and Procedure and the Retirement Pay Law.^[4] Having received no response, he followed-up his request with the University's Human Resource Management and Development Office, where he was informed that his retirement application could not be approved as the University did not grant retirement benefits to its part-time teachers. Atty. Curaza thus wrote another letter on March 5, 2009, reiterating his application, together with a copy of the Labor Advisory on Retirement Pay Law. By the time Atty. Curaza had turned 60 years old, the application remained unacted upon.^[5]

Thus, on June 25, 2010, Atty. Curaza filed a complaint against the University, its president and vice president for retirement benefits, damages, and attorney's fees before the National Labor Relations Commission Regional Arbitration Branch XIII in Butuan City.^[6]

The University then submitted a position paper asserting that Atty. Curaza was only a part-time instructor, and not a permanent employee. He was paid monthly, on a per hour, per teaching load, and per semester basis. His last teaching load was only a three-unit subject in the College of Engineering, during the second semester of school year 2008 to 2009, and his last gross salary was P1,400.00.^[7]

It was pointed out in the position paper that the Collective Bargaining Agreement between the University and its Faculty and Employees Association expressly excludes part-time faculty from its coverage. The University further argued that Republic Act No. 7641, or the Retirement Pay Law, similarly excludes part-time instructors in private educational institutions from its coverage.^[8]

Moreover, the University officials remarked in the position paper that even if part-time instructors were entitled to retirement benefits under Republic Act No. 7641, Atty. Curaza was still not entitled to the same benefits, considering that he had no teaching load during the school years 1991 to 1992 and 1992 to 1993, and did not teach at all from school years 1990 to 1991 until 2000 to 2001, as well as school years 2002 to 2003 until 2008 to 2009. Finally, Atty. Curaza was not entitled to damages, as he had not been illegally dismissed.^[9]

In a December 28, 2010 Decision, the Executive Labor Arbiter held that under Republic Act No. 7641, part-time employees are entitled to retirement benefits. He held that the law prevails over provisions of company policy. Thus, having reached 60 years of age, and having rendered more than five (5) years of service with the University, Atty. Curaza is entitled to retirement benefits under the law.^[10] The dispositive portion of the Decision states:

WHEREFORE, in view of the foregoing, judgment is hereby rendered ordering the respondent Father Saturnino Urios University (FSUU) to pay complainant his retirement benefits to be computed based on his average monthly pay for the last Five (5) years of his employment with respondent multiplied by twenty four (24) years.

Plus 10% of whatever amount that may be computed as attorney's fees.

All other claims are hereby ordered dismissed for lack of merit.

SO ORDERED.^[11]

On appeal, the National Labor Relations Commission affirmed the Labor Arbiter's Decision in its December 29, 2011 Resolution.^[12]

In turn, the Court of Appeals^[13] affirmed the National Labor Relations Commission and the Labor Arbiter's rulings. It found that the National Labor Relations Commission correctly held that Republic Act No. 7641 applies. As a part-time employee, Atty. Curaza is not among the employees exempted from the coverage of the law, and since the University does not have an applicable agreement or retirement plan intended for part-time employees, the provisions of Republic Act No. 7641 apply to him.^[14]

The Court of Appeals reasoned that although parties to a Collective Bargaining Agreement may establish such stipulations, clauses, terms, and conditions as they may deem convenient, these must not be contrary to law. It held that the exclusion of part-time faculty from the coverage of the Collective Bargaining Agreement is contrary to the provisions and intendment of Republic Act No. 7641 and its Implementing Rules.^[15]

Thus, it was correct to apply the Labor Advisory on Retirement Pay issued on October 24, 1996, which specifically provides that the coverage of Republic Act No. 7641 "shall include part-time employees, employees of service and other job contractors and domestic helpers or persons in the personal service of another."^[16]

However, the Court of Appeals modified the computation of the length of service to be credited in computing Atty. Curaza's retirement pay, and decreased it to 22 years, based on his teaching load. The Court of Appeals discussed the basis on record for this figure:

On the other hand, since the teaching load summary of Curaza that FSUU submitted as evidence covers only the period from S.Y. 1990-1991 to S.Y. 2008-2009, FSUU is already estopped from denying that Curaza had rendered service for more than six (6) months during S.Y. 1979-1980 until S.Y. 1989-1990, or for a period of 11 years. In addition, his teaching load summary shows that he was able to teach for two (2) semesters or a period of more than six (6) months during S.Y. 1996-1997, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2006-2007, 2007-2008 and 2008-2009, which is equivalent to 11 years. Thus, Curaza's total creditable years of service for the purpose of computing his retirement pay is 22 years.^[17]

The dispositive portion of the Court of Appeals Decision reads:

WHEREFORE, the petition is DENIED and the Resolutions dated December 29, 2011 and March 30, 2012 in NLRC MAC-03-011932-2011 (RAB-XIII-06-00164-2010) are hereby AFFIRMED with the MODIFICATION that private respondent Atty. Ruben B. Curaza shall be entitled to retirement pay for 22 years of service to petitioner Father Saturnino Urios University.

SO ORDERED.^[18]

Thus, the University, together with its president, Rev. Fr. John Christian U. Young, filed a Petition for Review on *Certiorari*, which this Court initially denied for failure to show any reversible error in the Court of Appeals Decision and Resolution.^[19]

Petitioners then filed a Motion for Reconsideration,^[20] to which respondent filed an Opposition and Comment,^[21] responding to both the Motion for Reconsideration and the Petition.

This Court reinstated petitioners' Petition for Review on *Certiorari*, after which the Catholic Educational Association of the Philippines filed a Motion for Leave to Intervene^[22] together with an attached Petition-in-Intervention.^[23] Respondent then filed a Comment to the Petition-in-Intervention,^[24] and both petitioners and the Catholic Educational Association of the Philippines (Petitioner-Intervenor) filed their respective Replies.^[25]

To justify its interest in this case, petitioner-intervenor explains that it is a national association of 1,252 Catholic educational institutions in the Philippines, of which the University is a member.^[26] Petitioner-intervenor has a Retirement Plan, in which 667 member schools are enrolled, with more than 35,000 personnel. Petitioner-

intervenor asserts that the intention of the Retirement Plan was to cover only "regular full-time employees, who have reached the age of sixty years old, in conjunction with relevant administrative policies in view of the special employment status of the teaching and academic non-teaching personnel."^[27]

Petitioner-intervenor maintains that it will be adversely affected by a precedent declaring that part-time faculty are entitled to retirement benefits, which "would be the death knell to most" of its member schools.^[28]

As for the substance of the case, petitioners and petitioner-intervenor insist that Republic Act No. 7641 does not apply to part-time teachers, because they cannot acquire regular permanent status. They maintain that "regular permanent status" is a precondition to being entitled to retirement benefits.^[29]

Petitioners point out that in *Lacuesta v. Ateneo de Manila University*,^[30] this Court held that the Manual of Regulations for Private Schools determines whether a faculty member has attained regular or permanent status. They cite Section 117 of the Manual of Regulations for Private Higher Education of 2008, which states that a "part-time employee cannot acquire regular permanent status." They point out that in *UST v. NLRC*,^[31] this Court cited the Manual of Regulations as basis to find that a teacher had not become a permanent employee despite three (3) years of service.^[32]

Petitioner-intervenor argues that it is impossible for part-time teachers to meet the number of years necessary to qualify for retirement pay,^[33] and that expanding the coverage of Republic Act No. 7641 to include part-time teachers is contrary to the purpose of the law, which is to "reward the loyalty, dedication and hard work of employees."^[34]

Petitioner-intervenor further asserts that the intention of the legislators was to provide benefits for permanent employees who have rendered continued service to the company and not to employees who merely work as part-timers, citing legislative deliberations.^[35] It also cites a book on the Employee Retirement Income Security Act of 1974 to explain the pension system in the United States of America, wherein "retirement pay is intended to benefit the employee who spent most of their prime years giving their employer a 'proper career.'"^[36]

Petitioner-intervenor also argues that the five-year service requirement must be interpreted to mean five (5) continuous years. It maintains that because schools are not required to re-hire part-time teachers after the period of their fixed contracts, each separate semester of employment must stand on its own without relation to any other previous contract.^[37] It insists that to interpret it otherwise would lead to absurd situations, and that it is ludicrous to require an employer to "reward" an employee who renders service for several employers, or who may pursue other businesses.^[38]

Furthermore, petitioner-intervenor asserts that the formula used to compute respondent's retirement benefits is baseless, and that he cannot claim to have served petitioners for 29 years.^[39]

The main issue for this Court's resolution is whether or not part-time employees may be entitled to retirement benefits under Republic Act No. 7641.

The Petition and Petition-in-Intervention are denied.

The Court of Appeals correctly held that part-time employees with fixed-term employment are among the employees entitled to retirement benefits under Republic Act No. 7641.

Republic Act No. 7641 specifically states that "any employee may be retired upon reaching the retirement age[,]" and that in case of retirement, in the absence of a retirement agreement, an employee who reaches the retirement age "who has served at least five (5) years... may retire and shall be entitled to retirement pay[.]" No exception is made for part-time employees.

In *De La Salle Araneta University v. Bernardo*,^[40] this Court saliently outlined and analyzed the legal provisions which lead to this sound conclusion. It pointed out that Republic Act No. 7641 enumerates certain exemptions from coverage, and that this enumeration provides no basis to exempt petitioners from paying retirement benefits to qualified part-time employees. This Court noted that the coverage of the law and exemptions thereto were further elaborated upon by the Rules Implementing the Labor Code and an October 24, 1996 Labor Advisory, neither of which suggest that part-time employees could be considered excluded from being entitled to retirement pay:

Book VI, Rule II of the Rules Implementing the Labor Code clearly describes the coverage of Republic Act No. 7641 and specifically identifies the exemptions from the same, to wit:

Sec. 1. *General Statement on Coverage.* — This Rule shall apply to **all employees in the private sector, regardless of their position, designation or status and irrespective of the method by which their wages are paid, except to those specifically exempted under Section 2 hereof.** As used herein, the term "Act" shall refer to Republic Act No. 7641, which took effect on January 7, 1993.

Section 2. **Exemptions.** — This Rule shall not apply to the following employees:

2.1 **Employees of the National Government and its political subdivisions, including Government-owned and/or controlled corporations, if they are covered by the Civil Service Law and its regulations.**

2.2 Domestic helpers and persons in the personal service of another. (Deleted by Department Order No. 20 issued by Secretary Ma. Nieves R. Confessor on May 31, 1994.)

2.3. **Employees of retail, service and agricultural establishments or operations regularly employing not**