

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**SIXTEENTH CONGRESS**  
Third Regular Session

House Bill No. 5905



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**Introduced by Honorable Sherwin T. Gatchalian**

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### **Explanatory Note**

In the 1987 Constitution, the sovereign people have audaciously proclaimed "the right of all citizens to quality education at *all levels*<sup>1</sup>," mandating the State to "take appropriate steps to make such education accessible to all<sup>2</sup>." 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 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 education<sup>3</sup>, demonstrated the singular power of higher education in improving economic outcomes for the neediest segments of our population. With such limited access to higher

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<sup>1</sup> Art. XIV, Sec. 1, 1987 Constitution. (Emphasis added)

<sup>2</sup> Ibid.

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

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 creation<sup>4</sup>. 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 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.

This is a reform that our government can certainly afford due to improvements in its tax collection efforts, registering a tax to GDP ratio of 14.1 percent as of November 2014, compared to 12.1 percent in 2010.<sup>5,6</sup> This means that the government has been able to collect more revenue through tax, given the GDP growth experienced in the past few years. 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.<sup>7</sup> This is more than enough to have funded tuition-free education for students in

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

<sup>5</sup> World Bank

<sup>6</sup> Ambanta, J., "Govt tax effort rises to 14.1% of economy", The Standard, January 19, 2015.

<<http://manilastandardtoday.com/2015/01/19/govt-tax-effort-rises-to-14-1-of-economy/>>

<sup>7</sup> 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>>

SUCs for the last eight years. For fiscal year 2014, the SUCs had an unutilized budget amounting to P5.64 billion.<sup>8</sup> These funds alone would make up 50 percent of the estimated funding needed for 2016. And for the said fiscal year 2016, the government is eyeing a budget of about P3 trillion.<sup>9</sup> The sum required to make SUCs tuition-free in the country would amount to about 0.34 percent of the potential 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 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**  
*Representative*  
*First District, Valenzuela City*

<sup>8</sup> COA: FY 2014 Annual Report on Appropriations, Allotments, Obligations and Disbursements

<sup>9</sup> 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>>

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

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

SECTION 1. **Short Title.** – This Act shall be known as the “*Free Higher Education Act.*”

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

SEC. 3. **Full Tuition Subsidy.** – All Filipino citizens who are either currently enrolled at the time of effectivity of this Act, or shall enroll at any time thereafter, in courses in pursuance of a bachelors degree, certificate degree, or any comparable undergraduate degree in any state university or college shall be exempt from paying tuition fees for any units enrolled in any state university or college, unless they are disqualified under the provisions of this Act or by any other provision of law.

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

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

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

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

d) Persons who fail to regain good academic standing within their respective state universities and colleges after one (1) year upon being placed on academic probation or delinquent status;

**SEC. 5. *Special Tuition Subsidy Fund*** – The Special Tuition Subsidy Fund, hereinafter referred to as the Fund, is hereby established. The Fund shall be used solely for the purposes of implementing the full tuition subsidy under the provisions of this Act. Tuition fees for units enrolled by persons eligible for the tuition benefit under the provisions of this Act, payable to state universities and colleges, shall be paid from this Fund.

**SEC. 6. *Administration of the Fund***. – The Fund shall be administered by the Commission on Higher Education, with the following powers and functions:

a) Manage and administer the Fund;

b) Devise a reporting mechanism to be implemented by the state universities and colleges which will detail the exact amount of tuition fee subsidy availed of by persons eligible for the full tuition subsidy under this Act;

c) Formulate and implement an efficient and transparent mechanism to ensure the payment of tuition fees to the respective state universities and colleges, pursuant to the provisions of this Act, using money from the Fund;

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

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

**SEC. 7. *Tuition Report***. – The President of each state university or college shall submit to the Commission on Higher Education (CHED), within five (5) days after the last day of late registration for each semester, a report detailing the number of units enrolled by persons eligible for the full tuition

subsidy in their institution, as well as the tuition fee amount due based on the number of units enrolled.

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

SEC. 9. **Accountability Report.** – At the end of each academic semester, the President of each state university or college shall submit to the CHED a report reconciling the funds received from the Fund. Any unused or improperly disbursed amount shall be returned immediately to the Fund.

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

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

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

SEC. 11. **Appropriations.** – The amount of Ten Billion Five Hundred Million Pesos (P10,500,000,000) is hereby initially appropriated from the Presidential Social Fund to implement the provisions of this Act. Thereafter, such amount necessary to effectively carry out the provisions of this Act shall be included in the annual General Appropriations Act.

SEC. 12. **Implementing Rules and Regulations.** – Within (60) days from the effectivity of this Act, the CHED shall promulgate the implementing

rules and regulations necessary to ensure the efficient and effective implementation of this Act.

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

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

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