



Press Release

August 1, 2019

Free higher education implementation is on track, decisive actions already in place - CHED

The remaining Php 20.3 billion budget for Republic Act No. 10931 or the Free Higher Education (FHE) law in 2018 has been properly disbursed or obligated with utmost compliance to government rules and regulations and adhere to the principles of accountability, prudence, and without any trace of corruption.

The 2018 Commission on Audit (COA) annual audit report recently stated that the Commission on Higher Education (CHED) has accumulated some Php 20.3 billion of unspent funds for Free College Education due to delays in the approval of guidelines for the law, non-submission of billing statements of state universities and colleges (SUCs) and local universities and colleges (LUCs), delays in the release of the Tertiary Education Subsidy (TES), and in the implementation of the Student Loan Program (SLP).

The alleged "underspending" and "low absorptive capacity" of CHED is the result of budgeting and audit practices that has been affecting CHED operations for the past years.

1. **Unsynchronized Academic Year (AY) and Fiscal Year (FY)** - While the General Appropriations Act (GAA) allocate funds on FY basis (January-December), these funds are reimbursed to universities and students on an AY basis (June-May and August-July). These include funds for the reimbursement of tuition and miscellaneous fees, research projects, and scholarships.

The unsynchronized AY and FY makes it impossible for CHED to have 100% utilization by December 2018 since only the 1st semester of the AY is completed by December 2018.

RA 10931 requires SUCs/LUCs to claim the reimbursement of their tuition and miscellaneous fees from CHED with supporting documents. CHED cannot download these funds directly to SUCs/LUCs if there are no claims. SUCs that start their academic calendar in June are able to submit their reimbursement claims by July-August and the claims are paid by CHED before the year ends.

In the 2nd semester which starts in November, SUCs send their claims by December or January. It is difficult to process all their claims by end of December.

SUCs/LUCs that start their 1st semester in August, on the other hand, end their semester by December. They start their 2nd semester in January and therefore cannot submit claims by December of the previous year.

CHED has addressed this problem by enjoining SUCs/LUCs to shift their academic calendar from August-July starting year 2020 so that the FY and AY will be synchronized and reimbursement claims can be processed on a FY basis. To date, more than 100 SUCs have shifted their academic calendar to AY 2019-2020 or by AY 2020-2021.

Per CHED records, about 91% of the P16 Billion intended for the Free Higher Education Program amounting to P14,397,137,694.41 had already been paid or obligated for Academic Year 2018-2019 to the 112 SUCs and 78 CHED-Recognized LUCs. The remaining balance of P1,602,852,305.59 will be utilized for the pending claims and billings being processed for Summer billings of AY 2018-2019 as well as other charges that were not included in their first billings.

2. On the SLP - CHED accepts the observation that the roll-out of the Student Loan Program (SLP) was long drawn-out.

CHED stopped the existing Study Now, Pay Later program because it has become a Study Now, Pay Never program with repayment rates of less than 10 percent since the 1990s. CHED has the responsibility to safeguard the use of public funds and to make sure that the loan program does not become a dole out program. The SLP will start with short term loans and will expand to long term loans with the help of government financial institutions and private and public universities.

3. On the TES - The Tertiary Education Subsidy (TES) for 300,000 student-beneficiaries was implemented on time in SUCs/LUCs but was slow in private higher education institutions due to more than 1,000 participating private HEIs all over the country who sent the names of their students to CHED-UNIFAST.

More than 1.5 million names were received for selection and verification to qualify for the 300,000 TES slots.

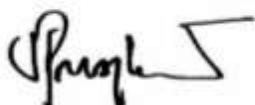
For AY 2019-2020, CHED has tapped the service of Private Education Assistance Committee (PEAC) to handle the TES in private HEIs and expects that this problem will be solved starting AY 2019-2020. PEAC is handling the voucher system of

Department of Education (DepEd) and has the expertise needed to implement the TES in private HEIs.

The Commission is working with COA to address the other observations in the Report, particularly fund releases to SUCs and private HEIs that remained unliquidated for the past years. This is an inherited problem from the previous CHED leadership but we have addressed it by adopting a policy that universities cannot avail new CHED funding until all their previous projects are completed and funds have been appropriately liquidated.

As CHED asserted in its meeting with COA, RA 10931 is a landmark social legislation that has no historical precedent. No country in the Asian region provides free higher education and there are no templates or regulations that can be used in crafting the Implementing Rules and Regulations and other corresponding regulations. Hence, its initial implementation has been very challenging given the need to have transparency, accountability, and access and equity. There is also a need to ensure that public funds are accounted for and given only to the target beneficiaries.

The COA audit observation asserted slow implementation and called on CHED to institute reforms. There is no mention of corruption, loss or misuse of public funds. We are instituting reforms and we are confident that in its 2nd year of implementation, the problems cited will no longer be observed.



J. PROSPERO E. DE VERA III, DPA

Chairman
Commission on Higher Education
Philippines