

ESTABLISHING A POLICY OF ASSISTANCE TO PRIVATE SCHOOLS

LETTER OF INSTRUCTIONS No. 1449, February 25, 1985

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TO: The Minister of Education, Culture and Sports

The Minister of the Budget

The Heads of Government Owned or Controlled Financial Institutions

WHEREAS, private educational institutions play an important role in the educational system, accounting as they do for the bulk of collegiate enrolment in the Philippines;

WHEREAS, school finances have been squeezed in recent years by inflationary cost increases, demands for higher faculty and staff compensation, and limits in student fees imposed by law;

WHEREAS, many private schools, including some of the largest ones, are in need of immediate financial assistance in order to allow these schools to maintain the size and quality of their programs;

WHEREAS, pending legislation at the Batasang Pambansa calls for the formation of a Private Education Loan Fund intended to extend loan assistance to private schools;

WHEREAS, the Education Act of 1982 encourages the conversion of schools into foundations;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by Law, do hereby Order and Instruct:

- The government may assist in arranging for temporary financial assistance to a private educational institutions in distress, when it is part of a cooperative undertaking among the investors, faculty, staff, students, alumni, private creditors, and other groups with a stake in the continued operation of the institution;
- In consonance with the policy established in the Education Act of 1982, encouraging the conversion of schools into Foundations, priority in the assistance program shall be given to institutions which are foundations or non stock, non profit corporations and to those which are in transition to that form of ownership;
- Programs of assistance shall not depend exclusively on government aid, but shall include such components: (a) on the part of stockholders, to donate a substantial portion of their shares to the school so as to allow its conversion to a foundation and to convert the remaining portion of their shares into loans at preferential terms and over an extended period of time, (b) on the part of faculty and staff members, to participate in an effort to ease school finances by moderating or restructuring compensation and other claims, (c) on the part of school administration, to maximize revenues from non student fee purees and to institute cost saving measures, (d) on the part of the student body, to expect increases in student fee levels so as to ensure a financially viable institution, (e) on the part of alumni and other members of the school community, to raise funds from gifts and donations, (f) on the part of the traditional bankers of the school, to restructure school debt and to infuse additional funding, and (g) on the part of government, to lend to the school from a Private Education Loan Fund as may be created by law and/or from government owned or controlled financial institutions;
- When called upon by a school, the Ministry of Education, Culture and Sports (MECS) shall assist distressed

schools in the design of a rehabilitation program and in bringing together the various members of the school community for the purpose of reaching agreement on the components of such a rehabilitation program;

- Where necessary, the MECS shall seek the assistance of government owned or controlled financial institutions in the preparation of school rehabilitation programs and in the syndication of the financial component of the school rehabilitation programs;

Done in the City of Manila, this 25th day of February, nineteen hundred and eighty five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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