MANUEL L. QUEZON UNIVERSITY/AUGUSTO B. SUNICO, PRESIDENT, PETITIONERS, VS. NATIONAL LABOR RELATIONS COMMISSION (THIRD DIVISION), NOEMI B. JUAT AND EDILBERTO AZURIN, RESPONDENTS.

G.R. No. 141673. October 17, 2001

Ponente: PARDO, J.

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PARDO, J.:

The Case

The case is an appeal via certiorari from the decision[1] of the Court of Appeals affirming the resolutions of the National Labor Relations Commission ruling that respondents retiring faculty members of petitioner Manuel L. Quezon University were entitled to retirement benefits under Republic Act No. 7641, even if petitioner had an existing valid retirement plan.

The Facts

The facts, as found by the Court of Appeals, are as follows:

> "Petitioner Manuel L. Quezon University (MLQU) is a private educational institution which established a retirement plan for its employees as early as June 26, 1967. The Retirement Plan which was duly approved by the Bureau of Internal Revenue for tax purposes provides as follows:
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> "x x x
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> "ARTICLE I - PURPOSE
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> "The Board of Regents of the Manuel L. Quezon Educational Institution, Inc., recognizing the value of long and loyal service and desiring to reward those who remain in its employ continuously for a substantial number of years, approves this Retirement Plan to assist financially its officers, faculty members and administrative personnel by providing for their retirement. (Underscoring supplied)
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> "x x x x x x x x x
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> "ARTICLE III
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> "PERSONS ENTITLED TO RETIREMENT PRIVILEGES
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> "(a) All faculty members and employees who attain the age of 65 years while employed with the Manuel L. Quezon Educational Institution, Inc., provided that they have rendered at least ten (10) years of continuous service. (Underscoring supplied)
>
> "(b) Those who have not attained the age of 65 years, but who have rendered at least 20 years of continuous service to the Manuel L. Quezon Educational Institution, Inc. at the date of retirement. (Underscoring supplied)

"(c) This plan does not apply to members of the Board of Regents, the President, the Executive Officer, and the Treasurer, whose retirement shall be determined by the Board of Regents without prejudice to their retirement under this plan as members of the faculty.

"ARTICLE IV"COMPULSORY NATURE OF RETIREMENT

"(a) Upon fulfillment of the conditions set forth in paragraphs (a) and (b) of Article III, retirement of faculty members and employees concerned shall be compulsory, unless the Board of Regents expressly and in writing decides to defer their retirement on a year to year basis or for a definite period.

"ARTICLE V

"THE RETIREMENT PLAN

"(a) Every faculty member or employee is entitled to receive as retirement compensation an amount equivalent to one month pay for every year of service. The one month shall be computed as specified in paragraph (b) below. (Underscoring supplied)

"(b) In determining the one month salary to which a retiree is entitled, all salaries, bonuses and other amounts received by him as a faculty member or employee during the entire period of his employment shall be added and the same shall be divided by the number of years that he has been employed; service exceeding six (6) months shall be considered as service for one year. The quotient shall then be divided by twelve (12), in case of retirees rendering services throughout the year, that is, during a period of twelve (12) months, and in the case of retirees, not rendering service throughout the year, such as faculty members not receiving monthly compensations, the quotient shall then be divided by the number of months determined as follows: (1) if they taught for only one semester during the year, four and one half (4 & 1/2) months; (2) if for two semesters, nine (9) months; (3) if for one semester and summer, 6 months. This last quotient shall be considered for the purpose of this retirement plan.

"However, any sums paid to the employee by reason of his membership in the Social Security System and any sums paid to him as compensation under the Workmen's Compensation Act shall be excluded, that is, it shall not be considered as part of his gross income for the purpose of computing his retirement pay.

"If the retiree is an employee and a faculty member at the same time, his earnings received from the Manuel L. Quezon Educational Institution, Inc. in both categories shall be added for the purpose of determining his retirement pay.

"(c) The faculty member or employee who is on an extended leave of absence may, at the discretion of the Board of Regents, be considered in the service continuously until the end of his extended leave for the purpose of determining the twenty (20) years service requirement. Hereafter, no extended leave of absence shall be granted for a longer period than one year unless, in special cases, the Board of Regents decides otherwise. Extended leave of absence heretofore granted shall continue only for a period of two years from the approval of this plan by the Board of Regents, unless in special cases, the Board decides otherwise.

"x x x x x x x x x

"Noemi B. Juat, now 68 years of age, worked for almost twenty nine (29) years and started as a part-time instructor of the petitioner, Manuel L. Quezon University (MLQU), from June 16, 1965 until her compulsory retirement on March 31, 1994.

"x x x On January 14, 1993, then MLQU President Amado Dizon informed in writing private respondent Juat that she was eligible for retirement under Article III, Section I of the MLQU Retirement Plan as cited in the Revised Faculty Manual of June 13, 1990. The retirement of private respondent was deferred because she was still given teaching load for school year 1993-1994. On February 1, 1994 she received another letter from President Dizon informing her that she was considered compulsorily retired effective at the end of second

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semester of school year 1993-1994 pursuant to the Retirement Plan. On February 3, 1994, private respondent Juat received a third letter from Dean Leticia L. Lava of petitioner University's School of Arts and Science informing her of the approval by the Board of Regents considering her as compulsorily retired. On November 17, 1992, a letter was sent by private respondent to petition inquiring the amount of retirement benefits due to her and in response petitioner provided her with a computation of the retirement benefits through a letter dated July 29, 1994. On the same day private respondent Juat received, under protest, the two installments of her retirement pay in the total amount of P71,674.91, as evidenced by the general voucher, when the alleged correct amount should be P149, 401.62.

"Believing that she was entitled to a higher amount of retirement benefits, private respondent engaged the services of the University of the Philippines, Office of Legal Aid to prosecute her claim for deficiency. On September 20, 1996 private respondent through counsel sent a letter of demand to MLQU President August Sunico, demanding the payment of the deficiency plus interest at the rate of 12% a year from the date of retirement. On October 3, 1996, petitioner replied, alleging that private respondent was not entitled to receive retirement benefits as she was only a "part-time employee" of MLQU, much less to the payment of deficiency. In the same letter it expressed its willingness to settle the matter amicably but to no avail as no amicable settlement was reached. On March 25, 1997, private respondent filed a complaint before the National Labor Relations Commission (NLRC) to recover the balance of her retirement benefits under Republic Act No. 7641.

"Edilberto D. Azurin is a Certified Public Accountant (CPA) and was hired as a teacher/instructor, on a full-time basis, of the petitioner (MLQU) for twenty-five (25) years, from September 1969 until June 7, 1994. As member of the faculty of the School of Commerce, private respondent taught accounting subjects in semestral and summer classes and was likewise given teaching assignments in other colleges of petitioner university. He received monthly compensation, the last and highest of which was P11,100.50, payable every thirtieth day of every month.

"On June 7, 1994, a letter was received by private respondent Azurin, informing him that he was being retired under Article III, Section (a) of the MLQU Retirement Plan. As stated in said letter, he will receive the amount of P34,282.02 which amount he received under protest, as evidenced formally requested for reconsideration and recomputation of his retirement of his retirement gratuity, stating that under R.A. 7641, he should have received the total amount of P150,215.75 based on the last salary and benefits received by him. Despite receipt of said demand letter, petitioner failed and refused and continuously refuse to heed complainant's demand for the payment of his valid claim, prompting private respondent to institute a complaint against petitioner asking for the payment of deficiency of retirement benefits and attorney's fee. This was assigned to Honorable Labor Arbiter Jovencio Mayor. However, upon motion for reconsideration by herein petitioners, the complaint was consolidated with private respondent Juat's complaint filed with the Honorable Labor Arbiter Manuel R. Caday. After the parties failed to reach an amicable settlement during the conciliatory proceedings of the cases, they were required to submit their respective position papers. On June 24, 1998, Labor Arbiter Manuel R. Caday rendered a decision for petitioners, disposing thus:

"WHEREFORE, premises considered, the instant complaints should be, as they are hereby DISMISSED for lack of merit and want of legal and factual bases.

"SO ORDERED.

"Believing that the decision of Labor Arbityer Caday was erroneous private respondents Azurin and Juat filed their Memorandum of Appeal on July 27, 1998 and July 30, 1998, respectively, with the NLRC.

"On October 28, 1998, the Third Division of the NLRC came out with the questioned resolution, reversing the ruling of the Labor Arbiter, and disposing thus:

"WHEREFORE, premises considered, the twin Appeals are hereby GRANTED except with regard to the claims for actual damages and ten percent (10%) attorney's fees. Accordingly, the Decision appealed from is

> hereby REVERSED and SET ASIDE and a new one entered directing respondent University to pay complainants Juat and Azurin their retirement differential pay of P77,726.72 and P115,933.73, respectively, plus legal interest of six percent (6%) per annum from the date of filing of their complaints on March 27, 1997 up to actual payment.
>
> "SO ORDERED.
>
> "On January 18, 1999, a motion for reconsideration was filed by petitioner which was outrightly denied in a resolution dated March 17, 1999. Dissatisfied with the aforesaid decision, petitioner found its way to this Court via the petition under consideration, contending that the NLRC gravely abused its discretion in reversing the decision of the Labor Arbiter and awarding retirement benefits to private respondents Juat and Azurin by giving retroactive application to the provision of R. A. 7641."[2]

On September 3, 1999, the Court of Appeals promulgated a decision[3] affirming the resolutions of the NLRC as set out in the opening paragraph of this decision.

On October 14, 1999, petitioners filed a motion for reconsideration of the NLRC resolution.[4]

On January 18, 2000, the Court of Appeals denied petitioner's motion for reconsideration.[5]

Hence, this appeal.[6]

The Issue

The issue raised is whether respondents are entitled to the retirement benefits provided for under Republic Act No. 7641, even if the petitioner has an existing valid retirement plan.

The Court's Ruling

We affirm the decision of the Court of Appeals. The law, Republic Act No. 7641, intends to give the minimum retirement benefits to employees not entitled thereto under collective bargaining and other agreements. Its coverage applies to establishments with existing collective bargaining or other agreements or voluntary retirement plans whose benefits are less than those prescribed under the proviso in question.

Republic Act No. 7641 is a curative social legislation.[7] By their nature, curative statutes may be given retroactive effect, unless it will impair vested rights.[8] Republic Act No. 7641 has retroactive effect to include in its coverage the employees' services to an employer rendered prior to its effectivity.[9] It applies to employees in the employ of employers at the time the law took effect and who are eligible to benefits under that statute.[10]

The Fallo

WHEREFORE, we AFFIRM the decision of the Court of Appeals in toto.

No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, and Ynares-Santiago, JJ., concur.
Kapunan, J., on official leave.

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[1] In CA-G. R. SP No. 53206, promulgated on September 03, 1999. Petition, Annex "B", Rollo, pp. 52-68. Salazar-Fernando, J., ponente, Guerrero, B. J. and Alino-Hormachuelos, P., JJ., concurring.

[2] Petition, Annex "B", Rollo, pp. 53-68, at pp. 54-60.

[3] Supra, Notes 1 and 2.

[4] Petition, Annex "C", Rollo, pp. 69-94.

[5] Petition, Annex "A", Rollo, pp. 50-51.

[6] Filed on February 14, 2000. Petition, Rollo. pp. 3-47. On July 31, 2000, we gave due course to the petition (Rollo, pp. 540-541).

[7] Oro Enterprises, Inc. v. NLRC, 238 SCRA 105, 112 [1994].

[8] Development Bank of the Philippines v. Court of Appeals, 96 SCRA 342, 354 [1980]; Subido, Jr. v. Sandiganbayan, 334 Phil. 346 [1997]; Municipality of San Narciso, Quezon v. Mendez, Sr., 239 SCRA 11 [1994].

[9] Development Bank of the Philippines v. Court of Appeals, supra, Note 8.

[10] Ibid.; CJC Trading, Inc. v. NLRC, 316 Phil. 887, 895-896 [1997]; Philippine Scout Veterans Security and Investigation Agency v. NLRC, 337 Phil. 659, 666 [1997].

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