FACULTY ASSOCIATION OF MAPUA INSTITUTE OF TECHNOLOGY (FAMIT), PETITIONER, VS. HON. COURT OF APPEALS, AND MAPUA INSTITUTE OF TECHNOLOGY, RESPONDENTS.

G.R. NO. 164060. June 15, 2007

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This is an appeal to reverse and set aside the Decision[1] dated August 21, 2003 and the Resolution[2] dated June 3, 2004 of the Court of Appeals in CA-G.R. SP No. 71479. The appellate court had reversed the Decision of the Office of the Voluntary Arbitrators. It held that the incorporation of the new faculty ranking to the 2001 Collective Bargaining Agreement (CBA) between petitioner and private respondent has been the intention of the parties to the CBA.

The facts in this case are undisputed.

In July 2000, private respondent Mapua Institute of Technology (MIT) hired Arthur Andersen to develop a faculty ranking and compensation system. On January 29, 2001, in the 5[th] CBA negotiation meeting, MIT presented the new faculty ranking instrument to petitioner Faculty Association of Mapua Institute of Technology (FAMIT).[3] The latter agreed to the adoption and implementation of the instrument, with the reservation that there should be no diminution in rank and pay of the faculty members.

On April 17, 2001, FAMIT and MIT entered into a new CBA effective June 1, 2001.[4] It incorporated the new ranking for the college faculty in Section 8 of Article V which states that, "A new faculty ranking shall be implemented in June 2001. However, there shall be no diminution in the existing rank and the policy 'same rank, same pay' shall apply."[5]

The faculty ranking sheet was annexed to the CBA as Annex "B," while the college faculty rates sheet for permanent faculty and which included the point ranges and corresponding pay rates per faculty level was added as Annex "C."

When the CBA took effect, the Vice President for Academic Affairs issued a memorandum to all deans and subject chairs to evaluate and re-rank the faculty under their supervision using the new ranking instrument. Eight factors were to be considered and given their corresponding weights/points according to levels attained per factor. Among these were: (1) educational attainment; (2) professional honors received; (3) relevant training; (4) relevant professional experience; (5) scholarly work and creative efforts; (6) award winning works; (7) officership in relevant technical and professional organizations; and (8) administrative positions held at MIT.[6]

After a month, MIT called FAMIT's attention to what it perceived to be flaws or omissions in the CBA signed by the parties. In a letter[7] dated July 5, 2001 to FAMIT, MIT requested for an amendment of the following CBA annexes – Annex "B" (Faculty Ranking Sheet); Annex "C" (College Faculty Rates for Permanent Faculty Only); and Annex "D" (H.S. Faculty Rates for Permanent Faculty Only). MIT claimed that with respect to Annexes "C"

and "D," these contained data under the heading "TOTAL POINTS" that were not germane to the two other columns in both annexes. With regard to the Faculty Ranking Point Range sheet of the new faculty ranking instrument, MIT avers that this was inadvertently not attached to the CBA.

FAMIT rejected the proposal. It said that these changes would constitute a violation of the ratified 2001 CBA and result in the diminution of rank and benefits of FAMIT college faculty. It argued that the proposed amendment in the ranking system for the college faculty revised the point ranges earlier agreed upon by the parties and expands the 19 faculty ranks to 23.

Meanwhile, MIT instituted some changes in the curriculum during the school year 2000-2001 which resulted in changes in the number of hours for certain subjects. Thus, MIT adopted a new formula for determining the pay rates of the high school faculty: Rate/Load x Total Teaching Load = Salary where total teaching load equals number of classes multiplied by hours of service per week divided by 3 hours (as practiced, one unit subject is equal to 3 hours service).

Upon learning of the changes, FAMIT opposed the formula. It averred that unknown to FAMIT, MIT has not been implementing the relevant provisions of the 2001 CBA. In particular, FAMIT cites Section 2 of Article VI, which states as follows:

> ARTICLE VIGeneral Wage Clause
>
> x x x x
>
> Section 2. The INSTITUTE shall pay the following rate per load for high school faculty according to corresponding faculty rank, to wit:
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> - 25% increase in per rate/load for all high school faculty members effective November 2000;
>
> - 10% increase in per rate/load for all permanent high school faculty members effective June 2001.[8] (Emphasis supplied.)

On July 20, 2001, FAMIT met with MIT to settle this second issue but to no avail. MIT maintained that it was within its right to change the pay formula used.

Hence, together with the issue pertaining to the ranking of the college faculty, FAMIT brought the matter to the National Conciliation and Mediation Board for mediation. Proceedings culminated in the submission of the case to the Panel of Voluntary Arbitrators for resolution.

The Panel of Voluntary Arbitrators ruled in favor of the petitioner. It ordered the private respondent to:

> - Implement the agreed upon point range system with 19 faculty ranks, along with the corresponding pay levels for the college faculty, consistent with the provisions of Article V, Section 8 of the 2001 CB[A] and Annex C of the said CBA, and
>
> - Comply with the provisions of Article VI, Section 2 of the existing CBA, using past practices or formula in computing the pay of high school faculty based on rate per load and to pay the faculty their corresponding rates on this basis,
>
> Both actions of which (sic) should be made concurrent with the effectivity of the current CBA.
>
> SO ORDERED.[9]

On appeal, the Court of Appeals reversed the ruling of the Panel of Voluntary Arbitrators and decreed as follows:

> WHEREFORE, the petition is hereby GRANTED. The assailed decision of the voluntary arbitrators is

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> REVERSED. Accordingly, petitioner's proposal to include the faculty point range sheet in Annex "B" of the 2001 CBA, as well as to replace Annex "C" with the document on the 23-level faculty ranking instrument and replace the column containing the heading "Total Points" which is attached in Annexes "C" and "D" of the 2001 CBA with the correct data is also GRANTED.
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> SO ORDERED.[10]

Hence, the instant petition.

The petitioner enumerated issues for resolution, to wit:

> I
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> WHETHER THE PRIVATE RESPONDENT MAY PROPERLY, LEGALLY AND VALIDLY ALTER, CHANGE AND/OR MODIFY UNILATERAL[L]Y PROVISIONS OF THE COLLECTIVE [BARGAINING] AGREEMENT (CBA) IT HAD NEGOTIATED, ENTERED INTO AND SIGNED WITH THE PETITIONER AND SUBSEQUENTLY RATIFIED AND ENFORCED BY THE PARTIES; AND
>
> II
>
> WHETHER PRIVATE RESPONDENT MAY PROPERLY, LEGALLY AND VALIDLY CHANGE[,] ALTER AND/OR REPLACE UNILATERAL[L]Y A PROVISION OR FORMULA EMBODIED IN A PERFECTED, EXISTING AND ALREADY ENFORCED CBA TO THE PREJUDICE, OR MORE SPECIFICALLY TO THE DIMINUTION OF SALARY/BENEFITS AND DOWNGRADING OF RANKS, OF ITS COLLEGE AND HIGH SCHOOL FACULTY.[11]

Simply put, the issues for our determination are: (1) Is MIT's new proposal, regarding faculty ranking and evaluation, lawful and consistent with the ratified CBA? and (2) Is MIT's development of a new pay formula for the high school department, without the knowledge of FAMIT, lawful and consistent with the ratified CBA?

On the first issue, FAMIT avers that MIT's new proposal on faculty ranking and evaluation for the college faculty is an unlawful modification, alteration or amendment of the existing CBA without approval of the contracting parties.

On the other hand, MIT argues that the new faculty ranking instrument was made in good faith and in the exercise of its inherent prerogative to freely regulate according to its own discretion and judgment all aspects of employment.

Considering the submissions of the parties, in the light of the existing CBA, we find that the new point range system proposed by MIT is an unauthorized modification of Annex "C" of the 2001 CBA. It is made up of a faculty classification that is substantially different from the one originally incorporated in the current CBA between the parties. Thus, the proposed system contravenes the existing provisions of the CBA, hence, violative of the law between the parties.

As observed by Office of the Voluntary Arbitrators, the evaluation system differs from past evaluation practices (e.g., those that give more weight to tenure and faculty load) such that the system can lead to a demotion in rank for a faculty member. A perfect example of this scenario was cited by FAMIT in its Memorandum:

> x x x x
>
> Take the case of a faculty member with 17 years of teaching experience who has a Phd. Degree. For school year 2000-2001 his corresponding rank is Professor 3 with 4001-4500 points using the previous CBA. If the college faculty member is ranked based on the ratified 2001 CBA, his/her corresponding rank would increase to Professor 5 with 5001-5500 points.

> But if the proposal of private respondent is used, the professor, would be ranked as Associate Professor 5 with 5001-5749 points, instead of Professor 5 as recognized by the 2001 CBA. True, there may be an increase in points but there is also a resulting diminution in rank from Professor 3 based on the previous CBA to Associate Professor 5. This would translate to a reduction of the salary increase he is entitled to under the 2001 CBA.[12]

According to FAMIT, this patently is a violation of Section 8, Article V of the 2001 CBA.

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Noteworthy, Article 253 of the Labor Code states:

> ART. 253. Duty to bargain collectively when there exists a collective bargaining agreement.–When there is a collective bargaining agreement, the duty to bargain collectively shall also mean that neither party shall terminate nor modify such agreement during its lifetime. However, either party can serve a written notice to terminate or modify the agreement at least sixty (60) days prior to its expiration date. It shall be the duty of both parties to keep the status quo and to continue in full force and effect the terms and conditions of the existing agreement during the 60-day period and/or until a new agreement is reached by the parties.

Until a new CBA is executed by and between the parties, they are duty-bound to keep the status quo and to continue in full force and effect the terms and conditions of the existing agreement. The law does not provide for any exception nor qualification on which economic provisions of the existing agreement are to retain its force and effect. Therefore, it must be understood as encompassing all the terms and conditions in the said agreement.[13]

The CBA during its lifetime binds all the parties. The provisions of the CBA must be respected since its terms and conditions "constitute the law between the parties." Those who are entitled to its benefits can invoke its provisions. In the event that an obligation therein imposed is not fulfilled, the aggrieved party has the right to go to court and ask redress.[14] The CBA is the norm of conduct between petitioner and private respondent and compliance therewith is mandated by the express policy of the law.[15]

On the second issue, FAMIT avers that MIT unilaterally modified the CBA formula in determining the salary of a high school faculty. MIT counters that it is entitled to consider the actual number of teaching hours to arrive at a fair and just salary of its high school faculty.

Again, we are in agreement with FAMIT's submission. We rule that MIT cannot adopt its unilateral interpretation of terms in the CBA. It is clear from the provisions of the 2001 CBA that the salary of a high school faculty member is based on a rate per load and not on a rate per hour basis. Section 2, Article VI of the 2001 CBA provides:

> x x x x
>
> Section 2. The INSTITUTE shall pay the following rate per load for high school faculty according to corresponding faculty rank, to wit:
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> - 25% increase in per rate/load for all high school faculty members effective November 2000.
>
> - 10% increase in per rate/load for all permanent high school faculty members effective June 2001.[16] (Emphasis supplied.)

In our view, there is no room for unilateral change of the formula by MIT. Needless to stress, the Labor Code is specific in enunciating that in case of doubt in the interpretation of any law or provision affecting labor, such should be interpreted in favor of labor.[17] The appellate court committed a grave error in the interpretation of the CBA provision and the governing law.

WHEREFORE, the instant petition is GRANTED. The Decision dated August 21, 2003 and the Resolution dated June 3, 2004 of the Court of Appeals denying the motion for reconsideration are REVERSED and SET ASIDE. The decision of the Office of the Voluntary Arbitrators is REINSTATED. MIT's unilateral change in the ranking of college faculty from 19 levels to 23 levels, and the computation of high school faculty salary from rate per load to rate per hour basis is DECLARED NULL AND VOID for being violative of the parties' CBA and the applicable law.

Costs against private respondent MIT.

SO ORDERED.

Carpio, Tinga, and Velasco, Jr., JJ., concur.
Carpio-Morales, J., on official leave.

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[1] Rollo, pp. 43-51. Penned by Associate Justice Eloy R. Bello, Jr., with Associate Justices Amelita G. Tolentino and Jose G. Mendoza concurring.

[2] Id. at 62.

[3] Id. at 86-93.

[4] Id. at 132-141.

[5] Id. at 134.

[6] Id. at 197.

[7] Id. at 153.

[8] Id. at 134.

[9] Id. at 212.

[10] Id. at 51.

[11] Id. at 331.

[12] Id. at 336.

[13] New Pacific Timber & Supply Company, Inc. v. NLRC, G.R. No. 124224, March 17, 2000, 328 SCRA 404, 412-413.

[14] Holy Cross of Davao College, Inc. v. Holy Cross of Davao Faculty Union-KAMAPI, G.R. No. 156098, June 27, 2005, 461 SCRA 319, 327, citing Mactan Workers Union v. Aboitiz, No. L-30241, June 30, 1972, 45 SCRA 577, 581.

[15] Dole Philippines, Inc. v. Pawis ng Makabayang Obrero, G.R. No. 146650, January 13, 2003, 395 SCRA 112, 116.

[16] Rollo, p. 134.

[17] LABOR CODE, Art. 4.

ART. 4. Construction in favor of labor.-All doubts in the implementation and interpretation of the provisions of this Code, including its implementing rules and regulations, shall be resolved in favor of labor.

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