UNIVERSITY OF SAN AGUSTIN, INC. PETITIONERS, VS. UNIVERSITY OF SAN AGUSTIN EMPLOYEES UNION-FFW, RESPONDENT.

G.R. No. 177594. July 23, 2009

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

The University of San Agustin, Inc. (petitioner) seeks via the present petition for review on certiorari partial reconsideration of the Court of Appeals Decision of April 28, 2006[1] and Resolution of April 18, 2007[2] which modified the Voluntary Arbitrator's Decision dated June 16, 2003[3] and Resolution dated July 17, 2003[4] in VA Case No. 139-06-03-2003.

On July 27, 2000, petitioner forged with the University of San Agustin Employees Union-FFW (respondent) a Collective Bargaining Agreement[5] (CBA) effective for five (5) years or from July, 2000 to July, 2005. Among other things, the parties agreed to include a provision on salary increases based on the incremental tuition fee increases or tuition incremental proceeds (TIP) and pursuant to Republic Act No. 6728, The Tuition Fee Law. The said provision on salary increases reads:

> ARTICLE VIII
>
> Economic Provisions
>
> x x x x
>
> Section 3. Salary Increases. The following shall be the increases under this Agreement.
>
> SY 2000-2001 - P2,000.00 per month, across the board.
> SY 2001-2002 - P1,500.00 per month or 80% of the TIP, whichever is higher, across the board.
> SY 2002-2003 - P1,500.00 per month or 80% of the TIP, whichever is higher, across the board. (Emphasis supplied)

It appears that for the School Year 2001-2002, the parties disagreed on the computation of the salary increases.

Respondent refused to accept petitioner's proposed across-the-board salary increase of P1,500 per month and its subtraction from the computation of the TIP of the scholarships and tuition fee discounts it grants to deserving students and its employees and their dependents.

Respondent likewise rejected petitioner's interpretation of the term "salary increases" as referring not only to the increase in salary but also to corresponding increases in other benefits.

Respondent argued that the provision in question referred to "salary increases" alone, hence, the phrase "P1,500.00 or 80% of the TIP, whichever is higher," should apply only to salary increases and should not include the other increases in benefits received by employees.

Resort to the existing grievance machinery having failed, the parties agreed to submit the case to voluntary

arbitration.

By Decision of June 16, 2003, Voluntary Arbitrator (VA) Indalecio P. Arriola of the Department of Labor and Employment- National Conciliation and Mediation Board, Sub-Regional Office No. VI found for respondent, holding that the salary increases shall be paid out of 80% of the TIP should the same be higher than P1,500. The VA ratiocinated that the existing CBA is the law between the parties, and as it is not contrary to law, morals and public policy and it having been shown that the parties entered into it voluntarily, it should be respected.

As to petitioner's deduction of scholarship grants and tuition fee discounts from the TIP, the VA ruled that it is invalid, petitioner having waived the collection thereof when it granted the same - a waiver which its employees had nothing to do with - and the employees should not be made to bear or suffer from the burden.

Petitioner's move to reconsider the VA Decision was denied by Order of July 27, 2003, hence, it appealed to the Court of Appeals.

By Decision of April 28, 2006, the appellate court sustained the VA's interpretation of the questioned CBA provision but reversed its finding on the TIP computation.

The appellate court held that the questioned CBA provision is clear and unambiguous, hence, it should be interpreted literally to mean that 80% of the TIP or P1,500, whichever is higher, is to be allotted for the employees' salary increases.

Respecting the deduction of scholarship grants and tuition fee discounts from the computation of the TIP, the appellate court held that by its very nature, the TIP excludes any sum which petitioner did not obtain or realize, hence, it is only fair that the same be deducted. The appellate court noted, however, that as to scholarship grants and tuition fee discounts which are fully or partly subsidized by the government or private institutions and individuals, petitioner should include them in the TIP computation.

Petitioner's motion for partial reconsideration of the appellate court's Decision on the interpretation of the questioned CBA provision, as well respondent's motion for reconsideration of the Decision on computation of the TIP, was denied.

Hence, the present petition which seeks only the review of the appellate court's interpretation of the questioned provision of the CBA.

Petitioner maintains that, like the VA, the appellate court erred in interpreting the questioned provision of the above-quoted Sec. 3, Art. VIIII of the CBA, since Sec. 5(2) of R.A. 6728 only mandates that 70% of the TIP of academic institutions is to be set aside for employees' salaries, allowances and other benefits, while at least 20% thereof is to go to the improvement, modernization of buildings, equipment, libraries and other school facilities.

Petitioner adds that the interpretation of the provision that 80% of the TIP should go to salary increases alone, to the exclusion of other benefits, is contrary to R.A. 6728, citing Cebu Institute of Medicine v. Cebu Institute of Medicine Employees' Union-NFL.[6]

Petitioner thus concludes that the general principle that the CBA is the law between the parties is unavailing as it is the law, not the stipulations of the parties, which should prevail.

Upon the other hand, respondent, in its Comment[7], maintains that the questioned provision speaks of salary increases alone and was not intended to include other benefits. It asserts that petitioner, in refusing to utilize the 80% of the TIP for salary increases alone, does not want to honor what it voluntarily and knowingly agreed upon in the CBA.

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Additionally, respondent points out that petitioner never claimed that its consent to the CBA was vitiated with fraud, mistake or intimidation, and that petitioner has always been aware of the provisions of R.A. 6728 and was even assisted by its accountants, internal and external legal counsels during the CBA negotiations, hence, it can not now renege on its commitment under Sec. 3. Art. VIII of the CBA.

The petition is bereft of merit.

Sec. 3, Art. VIII of the 2000-20005 CBA reads:

> ARTICLE VIII
>
> Economic Provisions
>
> x x x x
>
> Section 3. Salary Increases. The following shall be the increases under this Agreement.
>
> SY 2000-2001 - P2,000.00 per month, across the board.
> SY 2001-2002 - P1,500.00 per month or 80% of the TIP, whichever is higher, across the board.
> SY 2002-2003 - P1,500.00 per month or 80% of the TIP, whichever is higher, across the board. (Emphasis supplied)

It is a familiar and fundamental doctrine in labor law that the CBA is the law between the parties and they are obliged to comply with its provisions.[8] If the terms of a contract, in this case the CBA, are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of their stipulations shall control.[9]

A reading of the above-quoted provision of the CBA shows that the parties agreed that 80% of the TIP or at the least the amount of P1,500 is to be allocated for individual salary increases.

The CBA does not speak of any other benefits or increases which would be covered by the employees' share in the TIP, except salary increases. The CBA reflects the incorporation of different provisions to cover other benefits such as Christmas bonus (Art. VIII, Sec. 1), service award (Art. VIII, Sec.5), leaves (Article IX), educational benefits (Sec.2, Art. X), medical and hospitalization benefits (Secs. 3, 4 and 5, Art. 10), bereavement assistance (Sec. 6, Art. X), and signing bonus (Sec. 8, Art. VIII), without mentioning that these will likewise be sourced from the TIP. Thus, petitioner's belated claim that the 80% TIP should be taken to mean as covering ALL increases and not merely the salary increases as categorically stated in Sec. 3, Art. VIII of the CBA does not lie.

Apropos is the ruling in St. John Colleges, Inc., vs. St. John Academy Faculty and Employees' Union[10] where the Court held that the school committed Unfair Labor Practice (ULP) when it unceremoniously closed down allegedly because of the union's unreasonable demands including its insistence on having 100% of the incremental tuition fee increase allotted for their members' benefits to be embodied in the CBA. In striking down the school's defense, the Court held:

> That SJCI agreed to appropriate 100% of the tuition fee increase to the workers' benefits sometime in 1995 does not mean that it was helpless in the face of the Union's demands because neither party is obligated to precipitately give in to the proposal of the other party during collective bargaining. (Emphasis supplied)

In the present case, petitioner could have, during the CBA negotiations, opposed the inclusion of or renegotiated the provision allotting 80% of the TIP to salary increases alone, as it was and is not under any obligation to accept respondent's demands hook, line and sinker. Art. 252 of the Labor Code is clear on the matter:

> ART. 252. Meaning of duty to bargain collectively. - The duty to bargain collectively means the performance of a mutual obligation to meet and convene promptly and expeditiously in good faith for the purpose of

> negotiating an agreement with respect to wages, hours, of work and all other terms and conditions of employment including proposals for adjusting any grievances or questions arising under such agreement and executing a contract incorporating such agreements if requested by either party but such duty does not compel any party to agree to a proposal or to make any concession. (Emphasis supplied)

The records are thus bereft of any showing that petitioner had made it clear during the CBA negotiations that it intended to source not only the salary increases but also the increases in other employee benefits from the 80% of the TIP. Absent any proof that petitioner's consent was vitiated by fraud, mistake or duress, it is presumed that it entered into the CBA voluntarily, had full knowledge of the contents thereof, and was aware of its commitments under the contract.

Contrary to petitioner's assertion, the rulings in Cebu Institute of Medicine v. Cebu Institute of Medicine Employees Union-NFL and in Centro Escolar University Faculty and Allied Workers Union-Independent v. Court of Appeals[11] are not applicable to the present case.

In Cebu Institute, the Court held that SSS contributions and other benefits can be charged to the 70% and that the academic institution has the discretion to dispose of the said 70% with the precondition that the disposition goes to the payment of salaries, wages, allowances and other benefits of its personnel, viz:

> For sure, the seventy percent (70%) is not to be delivered whole to the employees but packaged in the form of salaries, wages, allowances, and other benefits which may be in the form of SSS, Medicare and Pag-Ibig premiums, all intended for the benefit of the employees. In other words, the private educational institution concerned has the discretion on the disposition of the seventy percent (70%) incremental tuition fee increase. It enjoys the privilege of determining how much increase in salaries to grant and the kind and amount of allowances and other benefits to give. The only precondition is that seventy percent (70%) of the incremental tuition fee increase goes to the payment of salaries, wages, allowances and other benefits of teaching and non-teaching personnel. (Emphasis supplied)

Significantly, this ruling was arrived at in the absence of a CBA between the parties, unlike in the present case.

On the other hand, in Centro Escolar University, the issue was whether the University may source from the 70% incremental proceeds (IP) the integrated IP incorporated into the salaries of its teaching and non-teaching staff pursuant to the CBAs entered into by their union. The controversy arose because the CBA provided different types of salary increases - some sourced from the University fund and the salary increases brought about by the IP integration which are deducted from the IP. The Court held that the charging of the integrated IP against the 70% is not violative of the CBA which prohibits the deduction of the CBA-won benefits from the 70% of the IP because the integrated IP provided for in the CBAs of the teaching and the non-teaching staff is actually the share of the employees in the 70% of the IP that is incorporated into their salaries as a result of the negotiation between the university and its personnel.

Clearly, the above-cited cases have totally different milieus from the case at bar.

Even a perusal of the law will show that it does not make 70% as the mandated ceiling. It reads:

> SEC. 5. Tuition Fee Supplement for Student in Private High School
>
> (1) Financial assistance for tuition for students in private high schools shall be provided by the government through a voucher system in the following manners:
>
> (a) For students enrolled in schools charging less than one thousand five hundred pesos (P1,500) per year in tuition and other fees during school year 1988-89 or such amount in subsequent years as may be determined from time to time by the State Assistance Council: The Government shall provide them with a voucher equal to

> two hundred ninety pesos P290.00: Provided, That the student pays in the 1989-1990 school year, tuition and other fees equal to the tuition and other fees paid during the preceding academic year: Provided, further, That the Government shall reimburse the vouchers from the schools concerned within sixty (60) days from the close of the registration period: Provided, furthermore, That the student's family resides in the same city or province in which the high school is located unless the student has been enrolled in that school during the previous academic year.
>
> (b) For students enrolled in schools charging above one thousand five hundred pesos (P1,500) per year in tuition and other fees during the school year 1983-1989 or such amount in subsequent years as may be determined from time to time by the State Assistance Council, no assistance for tuition fees shall be granted by the Government: Provided, however, That the schools concerned may raise their tuition fee subject to Section 10 hereof.
>
> (2) Assistance under paragraph (1), subparagraphs (a) and (b) shall be granted and tuition fee under subparagraph (c) may be increased, on the condition that seventy percent (70%) of the amount subsidized allotted for tuition fee or of the tuition fee increases shall go to the payment of salaries, wages, allowances and other benefits of teaching and non-teaching personnel except administrators who are principal stockholders of the school, and may be used to cover increases as provided for in the collective bargaining agreements existing or in force at the time when this Act is approved and made effective: Provided, That government subsidies are not used directly for salaries of teachers of nonsecular subjects. At least twenty percent (20%) shall go to the improvement or modernization of buildings, equipment, libraries, laboratories, gymnasia and similar facilities and to the payment of other costs of operation. For this purpose, schools shall maintain a separate record of accounts for all assistance received from the government, any tuition fee increase, and the detailed disposition and use thereof, which record shall be determined by the State Assistance Council, during business hours, by the faculty, the non-teaching personnel, students of the school concerned, and Department of Education, Culture and Sports and other concerned government agencies.[12]

Unmistakably, what the law sets is the minimum, not the maximum percentage, and there is even a 10% portion the disposition of which the law does not regulate. Hence, if academic institutions wish to allot a higher percentage for salary increases and other benefits, nothing in the law prohibits them from doing so.

It is axiomatic that labor laws setting employee benefits only mandate the minimum that an employer must comply with, but the latter is not proscribed from granting higher or additional benefits if it so desires, whether as an act of generosity or by virtue of company policy or a CBA, as it would appear in this case. While, in following to the letter the subject CBA provision petitioner will, in effect, be giving more than 80% of the TIP as its personnel's share in the tuition fee increase, petitioner's remedy lies not in the Court's invalidating the provision, but in the parties' clarifying the same in their subsequent CBA negotiations.

WHEREFORE, the Decision of the Court of Appeals dated April 28, 2006 and the Resolution dated April 18, 2007, which modified the Decision and Resolution dated July 17, 2003 of the Voluntary Arbitrator in VA Case No. 139-06-03-2003, are AFFIRMED.

SO ORDERED.

Quisumbing, (Chairperson), Chico-Nazario,[*] Leonardo-De Castro,[**] and Brion, JJ., concur.

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[*]Additional member per Special Order No. 658.

[**] Additional member per Special Order No. 635.

[1] Annex "A" of the Petition, Rollo, pp. 42-54. Penned by Associate Justice Ramon M. Bato, Jr. and concurred in

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by Associate Justices Arsenio J. Magpale and Isaias P. Dicdican.

[2] Annex "B" of the Petition, id. at 55-56. Penned by Associate Justice Isaias P. Dicdican and concurred in by Associate Justices Arsenio J. Magpale and Pampio A. Abarintos.

[3] CA Rollo, pp. 42-52. Penned by Voluntary Arbitrator Indalecio P. Arriola.

[4] Id. at 53-54. Penned by Voluntary Arbitrator Indalecio P. Arriola.

[5] Id. at 55-65.

[6] G.R. No. 141285, July 5, 2001, 360 SCRA 515.

[7] Rollo, pp. 81-89.

[8] Centro Escolar University Faculty and Allied Workers Union-Independent v. Court of Appeals, G.R. No. 165486, May 31, 2006, 490 SCRA 61, 72.

[9] Vide Civil Code, Art. 1370.

[10] G.R. No. 167892, October 27, 2006, 505 SCRA 764, 774.

[11] Supra note 8.

[12] Republic Act No. 6728, "An act providing government assistance to students and teachers in private education and appropriating funds therefore"

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