

**YOLANDA M. MERCADO, CHARITO S. DE LEON, DIANA R. LACHICA,
MARGARITO M. ALBA, JR., AND FELIX A. TONOG, PETITIONERS, VS.
AMA COMPUTER COLLEGE-PARAÑAQUE CITY, INC., RESPONDENT.**

G.R. No. 183572. April 13, 2010

Ponente: BRION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-183572/>

BRION, J.:

The petitioners - Yolanda M. Mercado (Mercado), Charito S. De Leon (De Leon), Diana R. Lachica (Lachica), Margarito M. Alba, Jr. (Alba, Jr.), and Felix A. Tonog (Tonog), all former faculty members of AMA Computer College-Parañaque City, Inc. (AMACC) - assail in this petition for review on certiorari [1] the Court of Appeals' (CA) decision of November 29,

2007[2] and its resolution of June 20, 2008[3] that set aside the National Labor Relations Commission's (NLRC) resolution dated July 18, 2005.[4]

THE FACTUAL ANTECEDENTS

The background facts are not disputed and are summarized below.

AMACC is an educational institution engaged in computer-based education in the country. One of AMACC's biggest schools in the country is its branch at Parañaque City. The petitioners were faculty members who started teaching at AMACC on May 25, 1998. The petitioner Mercado was engaged as a Professor 3, while petitioner Tonog was engaged as an Assistant Professor 2. On the other hand, petitioners De Leon, Lachica and Alba, Jr., were all engaged as Instructor 1.[5] The petitioners executed individual Teacher's Contracts for each of the trimesters that they were engaged to teach, with the following common stipulation:[6]

- POSITION. The TEACHER has agreed to accept a non-tenured appointment to work in the College of xxx effective xxx to xxx or for the duration of the last term that the TEACHER is given a teaching load based on the assignment duly approved by the DEAN/SAVP-COO. [Emphasis supplied]

For the school year 2000-2001, AMACC implemented new faculty screening guidelines, set forth in its Guidelines on the Implementation of AMACC Faculty Plantilla.[7] Under the new screening guidelines, teachers were to be hired or maintained based on extensive teaching experience, capability, potential, high academic qualifications and research background. The performance standards under the new screening guidelines were also used to determine the present faculty members' entitlement to salary increases. The petitioners failed to obtain a passing rating based on the performance standards; hence AMACC did not give them any salary increase. [8]

Because of AMACC's action on the salary increases, the petitioners filed a complaint with the Arbitration Branch of the NLRC on July 25, 2000, for underpayment of wages, non-payment of overtime and overload compensation, 13[th] month pay, and for discriminatory practices.[9]

On September 7, 2000, the petitioners individually received a memorandum from AMACC, through Human

Resources Supervisor Mary Grace Beronia, informing them that with the expiration of their contract to teach, their contract would no longer be renewed.[10] The memorandum[11] entitled "Notice of Non-Renewal of Contract" states in full:

In view of the expiration of your contract to teach with AMACC-Paranaque, We wish to inform you that your contract shall no longer be renewed effective Thirty (30) days upon receipt of this notice. We therefore would like to thank you for your service and wish you good luck as you pursue your career.

You are hereby instructed to report to the HRD for further instruction. Please bear in mind that as per company policy, you are required to accomplish your clearance and turn-over all documents and accountabilities to your immediate superior.

For your information and guidance

The petitioners amended their labor arbitration complaint to include the charge of illegal dismissal against AMACC. In their Position Paper, the petitioners claimed that their dismissal was illegal because it was made in retaliation for their complaint for monetary benefits and discriminatory practices against AMACC. The petitioners also contended that AMACC failed to give them adequate notice; hence, their dismissal was ineffectual.[12]

AMACC contended in response that the petitioners worked under a contracted term under a non-tenured appointment and were still within the three-year probationary period for teachers. Their contracts were not renewed for the following term because they failed to pass the Performance Appraisal System for Teachers (PAST) while others failed to comply with the other requirements for regularization, promotion, or increase in salary. This move, according to AMACC, was justified since the school has to maintain its high academic standards.[13]

The Labor Arbiter Ruling

On March 15, 2002, Labor Arbiter (LA) Florentino R. Darlucio declared in his decision[14] that the petitioners had been illegally dismissed, and ordered AMACC to reinstate them to their former positions without loss of seniority rights and to pay them full backwages, attorney's fees and 13[th] month pay. The LA ruled that Article 281 of the Labor Code on probationary employment applied to the case; that AMACC allowed the petitioners to teach for the first semester of school year 2000-2001; that AMACC did not specify who among the petitioners failed to pass the PAST and who among them did not comply with the other requirements of regularization, promotions or increase in salary; and that the petitioners' dismissal could not be sustained on the basis of AMACC's "vague and general allegations" without substantial factual basis.[15] Significantly, the LA found no "discrimination in the adjustments for the salary rate of the faculty members based on the performance and other qualification which is an exercise of management prerogative." [16] On this basis, the LA paid no heed to the claims for salary increases.

The NLRC Ruling

On appeal, the NLRC in a Resolution dated July 18, 2005[17] denied AMACC's appeal for lack of merit and affirmed in toto the LA's ruling. The NLRC, however, observed that the applicable law is Section 92 of the Manual of Regulations for Private Schools (which mandates a probationary period of nine consecutive trimesters of satisfactory service for academic personnel in the tertiary level where collegiate courses are offered on a trimester basis), not Article 281 of the Labor Code (which prescribes a probationary period of six months) as the LA ruled. Despite this observation, the NLRC affirmed the LA's finding of illegal dismissal since the petitioners were terminated on the basis of standards that were only introduced near the end of their probationary period.

The NLRC ruled that the new screening guidelines for the school year 2000-2001 cannot be imposed on the

petitioners and their employment contracts since the new guidelines were not imposed when the petitioners were first employed in 1998. According to the NLRC, the imposition of the new guidelines violates Section 6(d) of Rule I, Book VI of the Implementing Rules of the Labor Code, which provides that "in all cases of probationary employment, the employer shall make known to the employee the standards under which he will qualify as a regular employee at the time of his engagement." Citing our ruling in *Orient Express Placement Philippines v. NLRC*,^[18] the NLRC stressed that the rudiments of due process demand that employees should be informed beforehand of the conditions of their employment as well as the basis for their advancement.

AMACC elevated the case to the CA via a petition for certiorari under Rule 65 of the Rules of Court. It charged that the NLRC committed grave abuse of discretion in: (1) ruling that the petitioners were illegally dismissed; (2) refusing to recognize and give effect to the petitioner's valid term of employment; (3) ruling that AMACC cannot apply the performance standards generally applicable to all faculty members; and (4) ordering the petitioners' reinstatement and awarding them backwages and attorney's fees.

The CA Ruling

In a decision issued on November 29, 2007,^[19] the CA granted AMACC's petition for certiorari and dismissed the petitioners' complaint for illegal dismissal.

The CA ruled that under the Manual for Regulations for Private Schools, a teaching personnel in a private educational institution (1) must be a full time teacher; (2) must have rendered three consecutive years of service; and (3) such service must be satisfactory before he or she can acquire permanent status.

The CA noted that the petitioners had not completed three (3) consecutive years of service (i.e. six regular semesters or nine consecutive trimesters of satisfactory service) and were still within their probationary period; their teaching stints only covered a period of two (2) years and three (3) months when AMACC decided not to renew their contracts on September 7, 2000.

The CA effectively found reasonable basis for AMACC not to renew the petitioners' contracts. To the CA, the petitioners were not actually dismissed; their respective contracts merely expired and were no longer renewed by AMACC because they failed to satisfy the school's standards for the school year 2000-2001 that measured their fitness and aptitude to teach as regular faculty members. The CA emphasized that in the absence of any evidence of bad faith on AMACC's part, the court would not disturb or nullify its discretion to set standards and to select for regularization only the teachers who qualify, based on reasonable and non-discriminatory guidelines.

The CA disagreed with the NLRC's ruling that the new guidelines for the school year 2000-20001 could not be imposed on the petitioners and their employment contracts. The appellate court opined that AMACC has the inherent right to upgrade the quality of computer education it offers to the public; part of this pursuit is the implementation of continuing evaluation and screening of its faculty members for academic excellence. The CA noted that the nature of education AMACC offers demands that the school constantly adopt progressive performance standards for its faculty to ensure that they keep pace with the rapid developments in the field of information technology.

Finally, the CA found that the petitioners were hired on a non-tenured basis and for a fixed and predetermined term based on the Teaching Contract exemplified by the contract between the petitioner Lachica and AMACC. The CA ruled that the non-renewal of the petitioners' teaching contracts is sanctioned by the doctrine laid down in *Brent School, Inc. v. Zamora* ^[20] where the Court recognized the validity of contracts providing for fixed-period employment.

THE PETITION

The petitioners cite the following errors in the CA decision:[21]

- 1) The CA gravely erred in reversing the LA and NLRC illegal dismissal rulings; and
- 2) The CA gravely erred in not ordering their reinstatement with full, backwages.

The petitioners submit that the CA should not have disturbed the findings of the LA and the NLRC that they were illegally dismissed; instead, the CA should have accorded great respect, if not finality, to the findings of these specialized bodies as these findings were supported by evidence on record. Citing our ruling in *Soriano v. National Labor Relations Commission*,[22] the petitioners contend that in certiorari proceedings under Rule 65 of the Rules of Court, the CA does not assess and weigh the sufficiency of evidence upon which the Labor Arbiter and the NLRC based their conclusions. They submit that the CA erred when it substituted its judgment for that of the Labor Arbiter and the NLRC who were the "triers of facts" who had the opportunity to review the evidence extensively.

On the merits, the petitioners argue that the applicable law on probationary employment, as explained by the LA, is Article 281 of the Labor Code which mandates a period of six (6) months as the maximum duration of the probationary period unless there is a stipulation to the contrary; that the CA should not have disturbed the LA's conclusion that the AMACC failed to support its allegation that they did not qualify under the new guidelines adopted for the school year 2000-2001; and that they were illegally dismissed; their employment was terminated based on standards that were not made known to them at the time of their engagement. On the whole, the petitioners argue that the LA and the NLRC committed no grave abuse of discretion that the CA can validly cite.

THE CASE FOR THE RESPONDENT

In their Comment,[23] AMACC notes that the petitioners raised no substantial argument in support of their petition and that the CA correctly found that the petitioners were hired on a non-tenured basis and for a fixed or predetermined term. AMACC stresses that the CA was correct in concluding that no actual dismissal transpired; it simply did not renew the petitioners' respective employment contracts because of their poor performance and failure to satisfy the school's standards.

AMACC also asserts that the petitioners knew very well that the applicable standards would be revised and updated from time to time given the nature of the teaching profession. The petitioners also knew at the time of their engagement that they must comply with the school's regularization policies as stated in the Faculty Manual. Specifically, they must obtain a passing rating on the Performance Appraisal for Teachers (PAST) - the primary instrument to measure the performance of faculty members.

Since the petitioners were not actually dismissed, AMACC submits that the CA correctly ruled that they are not entitled to reinstatement, full backwages and attorney's fees.

THE COURT'S RULING

We find the petition meritorious.

The CA's Review of Factual
Findings under Rule 65

We agree with the petitioners that, as a rule in certiorari proceedings under Rule 65 of the Rules of Court, the CA does not assess and weigh each piece of evidence introduced in the case. The CA only examines the factual

findings of the NLRC to determine whether or not the conclusions are supported by substantial evidence whose absence points to grave abuse of discretion amounting to lack or excess of jurisdiction.[24] In the recent case of *Protacio v. Laya Mananghaya & Co.*,[25] we emphasized that:

As a general rule, in certiorari proceedings under Rule 65 of the Rules of Court, the appellate court does not assess and weigh the sufficiency of evidence upon which the Labor Arbiter and the NLRC based their conclusion. The query in this proceeding is limited to the determination of whether or not the NLRC acted without or in excess of its jurisdiction or with grave abuse of discretion in rendering its decision. However, as an exception, the appellate court may examine and measure the factual findings of the NLRC if the same are not supported by substantial evidence. The Court has not hesitated to affirm the appellate court's reversals of the decisions of labor tribunals if they are not supported by substantial evidence. [Emphasis supplied]

As discussed below, our review of the records and of the CA decision shows that the CA erred in recognizing that grave abuse of discretion attended the NLRC's conclusion that the petitioners were illegally dismissed. Consistent with this conclusion, the evidence on record show that AMACC failed to discharge its burden of proving by substantial evidence the just cause for the non-renewal of the petitioners' contracts.

In *Montoya v. Transmed Manila Corporation*,[26] we laid down our basic approach in the review of Rule 65 decisions of the CA in labor cases, as follows:

In a Rule 45 review, we consider the correctness of the assailed CA decision, in contrast with the review for jurisdictional error that we undertake under Rule 65. Furthermore, Rule 45 limits us to the review of questions of law raised against the assailed CA decision. In ruling for legal correctness, we have to view the CA decision in the same context that the petition for certiorari it ruled upon was presented to it; we have to examine the CA decision from the prism of whether it correctly determined the presence or absence of grave abuse of discretion in the NLRC decision before it, not on the basis of whether the NLRC decision on the merits of the case was correct. In other words, we have to be keenly aware that the CA undertook a Rule 65 review, not a review on appeal, of the NLRC decision challenged before it. This is the approach that should be basic in a Rule 45 review of a CA ruling in a labor case. In question form, the question to ask is: Did the CA correctly determine whether the NLRC committed grave abuse of discretion in ruling on the case?

Following this approach, our task is to determine whether the CA correctly found that the NLRC committed grave abuse of discretion in ruling that the petitioners were illegally dismissed.

Legal Environment in the Employment of Teachers

a. Rule on Employment on Probationary Status

A reality we have to face in the consideration of employment on probationary status of teaching personnel is that they are not governed purely by the Labor Code. The Labor Code is supplemented with respect to the period of probation by special rules found in the Manual of Regulations for Private Schools.[27] On the matter of probationary period, Section 92 of these regulations provides:

Section 92. Probationary Period. - Subject in all instances to compliance with the Department and school requirements, the probationary period for academic personnel shall not be more than three (3) consecutive years of satisfactory service for those in the elementary and secondary levels, six (6) consecutive regular semesters of satisfactory service for those in the tertiary level, and nine (9) consecutive trimesters of satisfactory service for those in the tertiary level where collegiate courses are offered on a trimester basis. [Emphasis supplied]

The CA pointed this out in its decision (as the NLRC also did), and we confirm the correctness of this conclusion. Other than on the period, the following quoted portion of Article 281 of the Labor Code still fully applies:

x x x The services of an employee who has been engaged on a probationary basis may be terminated for a just cause when he fails to qualify as a regular employee in accordance with reasonable standards made known by the employer to the employee at the time of his engagement . An employee who is allowed to work after a probationary period shall be considered a regular employee. [Emphasis supplied]

b. Fixed-period Employment

The use of employment for fixed periods during the teachers' probationary period is likewise an accepted practice in the teaching profession. We mentioned this in passing in *Magis Young Achievers' Learning Center v. Adelaida P. Manalo*, [28] albeit a case that involved elementary, not tertiary, education, and hence spoke of a school year rather than a semester or a trimester. We noted in this case:

The common practice is for the employer and the teacher to enter into a contract, effective for one school year. At the end of the school year, the employer has the option not to renew the contract, particularly considering the teacher's performance. If the contract is not renewed, the employment relationship terminates. If the contract is renewed, usually for another school year, the probationary employment continues. Again, at the end of that period, the parties may opt to renew or not to renew the contract. If renewed, this second renewal of the contract for another school year would then be the last year - since it would be the third school year - of probationary employment. At the end of this third year, the employer may now decide whether to extend a permanent appointment to the employee, primarily on the basis of the employee having met the reasonable standards of competence and efficiency set by the employer. For the entire duration of this three-year period, the teacher remains under probation. Upon the expiration of his contract of employment, being simply on probation, he cannot automatically claim security of tenure and compel the employer to renew his employment contract. It is when the yearly contract is renewed for the third time that Section 93 of the Manual becomes operative, and the teacher then is entitled to regular or permanent employment status.

It is important that the contract of probationary employment specify the period or term of its effectivity. The failure to stipulate its precise duration could lead to the inference that the contract is binding for the full three-year probationary period.

We have long settled the validity of a fixed-term contract in the case *Brent School, Inc. v. Zamora* [29] that AMACC cited. Significantly, Brent happened in a school setting. Care should be taken, however, in reading Brent in the context of this case as Brent did not involve any probationary employment issue; it dealt purely and simply with the validity of a fixed-term employment under the terms of the Labor Code, then newly issued and which does not expressly contain a provision on fixed-term employment.

c. Academic and Management Prerogative

Last but not the least factor in the academic world, is that a school enjoys academic freedom - a guarantee that enjoys protection from the Constitution no less. Section 5(2) Article XIV of the Constitution guarantees all institutions of higher learning academic freedom.[30]

The institutional academic freedom includes the right of the school or college to decide and adopt its aims and objectives, and to determine how these objections can best be attained, free from outside coercion or interference, save possibly when the overriding public welfare calls for some restraint. The essential freedoms subsumed in the term "academic freedom" encompass the freedom of the school or college to determine for itself: (1) who may teach; (2) who may be taught; (3) how lessons shall be taught; and (4) who may be admitted to study.[31]

AMACC's right to academic freedom is particularly important in the present case, because of the new screening guidelines for AMACC faculty put in place for the school year 2000-2001. We agree with the CA that AMACC has the inherent right to establish high standards of competency and efficiency for its faculty members in order to achieve and maintain academic excellence. The school's prerogative to provide standards for its teachers and to

determine whether or not these standards have been met is in accordance with academic freedom that gives the educational institution the right to choose who should teach.[32] In *Peña v. National Labor Relations Commission*,[33] we emphasized:

It is the prerogative of the school to set high standards of efficiency for its teachers since quality education is a mandate of the Constitution. As long as the standards fixed are reasonable and not arbitrary, courts are not at liberty to set them aside. Schools cannot be required to adopt standards which barely satisfy criteria set for government recognition.

The same academic freedom grants the school the autonomy to decide for itself the terms and conditions for hiring its teacher, subject of course to the overarching limitations under the Labor Code. Academic freedom, too, is not the only legal basis for AMACC's issuance of screening guidelines. The authority to hire is likewise covered and protected by its management prerogative - the right of an employer to regulate all aspects of employment, such as hiring, the freedom to prescribe work assignments, working methods, process to be followed, regulation regarding transfer of employees, supervision of their work, lay-off and discipline, and dismissal and recall of workers.[34] Thus, AMACC has every right to determine for itself that it shall use fixed-term employment contracts as its medium for hiring its teachers. It also acted within the terms of the Manual of Regulations for Private Schools when it recognized the petitioners to be merely on probationary status up to a maximum of nine trimesters.

The Conflict: Probationary Status and Fixed-term Employment

The existence of the term-to-term contracts covering the petitioners' employment is not disputed, nor is it disputed that they were on probationary status - not permanent or regular status - from the time they were employed on May 25, 1998 and until the expiration of their Teaching Contracts on September 7, 2000. As the CA correctly found, their teaching stints only covered a period of at least seven (7) consecutive trimesters or two (2) years and three (3) months of service. This case, however, brings to the fore the essential question of which, between the two factors affecting employment, should prevail given AMACC's position that the teachers' contracts expired and it had the right not to renew them. In other words, should the teachers' probationary status be disregarded simply because the contracts were fixed-term?

The provision on employment on probationary status under the Labor Code[35] is a primary example of the fine balancing of interests between labor and management that the Code has institutionalized pursuant to the underlying intent of the Constitution.[36]

On the one hand, employment on probationary status affords management the chance to fully scrutinize the true worth of hired personnel before the full force of the security of tenure guarantee of the Constitution comes into play.[37] Based on the standards set at the start of the probationary period, management is given the widest opportunity during the probationary period to reject hirees who fail to meet its own adopted but reasonable standards.[38] These standards, together with the just [39] and authorized causes [40] for termination of employment the Labor Code expressly provides, are the grounds available to terminate the employment of a teacher on probationary status. For example, the school may impose reasonably stricter attendance or report compliance records on teachers on probation, and reject a probationary teacher for failing in this regard, although the same attendance or compliance record may not be required for a teacher already on permanent status. At the same time, the same just and authorized causes for dismissal under the Labor Code apply to probationary teachers, so that they may be the first to be laid-off if the school does not have enough students for a given semester or trimester. Termination of employment on this basis is an authorized cause under the Labor Code.[41]

Labor, for its part, is given the protection during the probationary period of knowing the company standards the new hires have to meet during the probationary period, and to be judged on the basis of these standards, aside from the usual standards applicable to employees after they achieve permanent status. Under the terms of the Labor Code, these standards should be made known to the teachers on probationary status at the start of their probationary period, or at the very least under the circumstances of the present case, at the start of the semester or the trimester during which the probationary standards are to be applied. Of critical importance in invoking a failure to meet the probationary standards, is that the school should show - as a matter of due process - how these standards have been applied. This is effectively the second notice in a dismissal situation that the law requires as a due process guarantee supporting the security of tenure provision,[42] and is in furtherance, too, of the basic rule in employee dismissal that the employer carries the burden of justifying a dismissal.[43] These rules ensure compliance with the limited security of tenure guarantee the law extends to probationary employees.[44]

When fixed-term employment is brought into play under the above probationary period rules, the situation - as in the present case - may at first blush look muddled as fixed-term employment is in itself a valid employment mode under Philippine law and jurisprudence.[45] The conflict, however, is more apparent than real when the respective nature of fixed-term employment and of employment on probationary status are closely examined.

The fixed-term character of employment essentially refers to the period agreed upon between the employer and the employee; employment exists only for the duration of the term and ends on its own when the term expires. In a sense, employment on probationary status also refers to a period because of the technical meaning "probation" carries in Philippine labor law - a maximum period of six months, or in the academe, a period of three years for those engaged in teaching jobs. Their similarity ends there, however, because of the overriding meaning that being "on probation" connotes, i.e., a process of testing and observing the character or abilities of a person who is new to a role or job.[46]

Understood in the above sense, the essentially protective character of probationary status for management can readily be appreciated. But this same protective character gives rise to the countervailing but equally protective rule that the probationary period can only last for a specific maximum period and under reasonable, well-laid and properly communicated standards. Otherwise stated, within the period of the probation, any employer move based on the probationary standards and affecting the continuity of the employment must strictly conform to the probationary rules.

Under the given facts where the school year is divided into trimesters, the school apparently utilizes its fixed-term contracts as a convenient arrangement dictated by the trimestral system and not because the workplace parties really intended to limit the period of their relationship to any fixed term and to finish this relationship at the end of that term. If we pierce the veil, so to speak, of the parties' so-called fixed-term employment contracts, what undeniably comes out at the core is a fixed-term contract conveniently used by the school to define and regulate its relations with its teachers during their probationary period.

To be sure, nothing is illegitimate in defining the school-teacher relationship in this manner. The school, however, cannot forget that its system of fixed-term contract is a system that operates during the probationary period and for this reason is subject to the terms of Article 281 of the Labor Code. Unless this reconciliation is made, the requirements of this Article on probationary status would be fully negated as the school may freely choose not to renew contracts simply because their terms have expired. The inevitable effect of course is to wreck the scheme that the Constitution and the Labor Code established to balance relationships between labor and management.

Given the clear constitutional and statutory intents, we cannot but conclude that in a situation where the probationary status overlaps with a fixed-term contract not specifically used for the fixed term it offers, Article

281 should assume primacy and the fixed-period character of the contract must give way. This conclusion is immeasurably strengthened by the petitioners' and the AMACC's hardly concealed expectation that the employment on probation could lead to permanent status, and that the contracts are renewable unless the petitioners fail to pass the school's standards.

To highlight what we mean by a fixed-term contract specifically used for the fixed term it offers, a replacement teacher, for example, may be contracted for a period of one year to temporarily take the place of a permanent teacher on a one-year study leave. The expiration of the replacement teacher's contracted term, under the circumstances, leads to no probationary status implications as she was never employed on probationary basis; her employment is for a specific purpose with particular focus on the term and with every intent to end her teaching relationship with the school upon expiration of this term.

If the school were to apply the probationary standards (as in fact it says it did in the present case), these standards must not only be reasonable but must have also been communicated to the teachers at the start of the probationary period, or at the very least, at the start of the period when they were to be applied. These terms, in addition to those expressly provided by the Labor Code, would serve as the just cause for the termination of the probationary contract. As explained above, the details of this finding of just cause must be communicated to the affected teachers as a matter of due process.

AMACC, by its submissions, admits that it did not renew the petitioners' contracts because they failed to pass the Performance Appraisal System for Teachers (PAST) and other requirements for regularization that the school undertakes to maintain its high academic standards.[47] The evidence is unclear on the exact terms of the standards, although the school also admits that these were standards under the Guidelines on the Implementation of AMACC Faculty Plantilla put in place at the start of school year 2000-2001.

While we can grant that the standards were duly communicated to the petitioners and could be applied beginning the 1st trimester of the school year 2000-2001, glaring and very basic gaps in the school's evidence still exist. The exact terms of the standards were never introduced as evidence; neither does the evidence show how these standards were applied to the petitioners.[48] Without these pieces of evidence (effectively, the finding of just cause for the non-renewal of the petitioners' contracts), we have nothing to consider and pass upon as valid or invalid for each of the petitioners. Inevitably, the non-renewal (or effectively, the termination of employment of employees on probationary status) lacks the supporting finding of just cause that the law requires and, hence, is illegal.

In this light, the CA decision should be reversed. Thus, the LA's decision, affirmed as to the results by the NLRC, should stand as the decision to be enforced, appropriately re-computed to consider the period of appeal and review of the case up to our level.

Given the period that has lapsed and the inevitable change of circumstances that must have taken place in the interim in the academic world and at AMACC, which changes inevitably affect current school operations, we hold that - in lieu of reinstatement - the petitioners should be paid separation pay computed on a trimestral basis from the time of separation from service up to the end of the complete trimester preceding the finality of this Decision.[49] The separation pay shall be in addition to the other awards, properly recomputed, that the LA originally decreed.

WHEREFORE, premises considered, we hereby GRANT the petition, and, consequently, REVERSE and SET ASIDE the Decision of the Court of Appeals dated November 29, 2007 and its Resolution dated June 20, 2008 in CA-G.R. SP No. 96599. The Labor Arbiter's decision of March 15, 2002, subsequently affirmed as to the results by the National Labor Relations Commission, stands and should be enforced with appropriate re-computation to

take into account the date of the finality of this Decision.

In lieu of reinstatement, AMA Computer College-Parañaque City, Inc. is hereby DIRECTED to pay separation pay computed on a trimestral basis from the time of separation from service up to the end of the complete trimester preceding the finality of this Decision. For greater certainty, the petitioners are entitled to:

(a) backwages and 13th month pay computed from September 7, 2000 (the date AMA Computer College-Parañaque City, Inc. illegally dismissed the petitioners) up to the finality of this Decision;

(b) monthly honoraria (if applicable) computed from September 7, 2000 (the time of separation from service) up to the finality of this Decision; and

(c) separation pay on a trimestral basis from September 7, 2000 (the time of separation from service) up to the end of the complete trimester preceding the finality of this Decision.

The labor arbiter is hereby ORDERED to make another re-computation according to the above directives. No costs.

SO ORDERED.

Carpio, (Chairperson), Del Castillo, Perez, and Mendoza[*], JJ., concur.

[*] Designated additional Member vice Justice Roberto A. Abad per Special Order No. 832 dated March 30, 2010.

[1] Under Rule 45 of the RULES OF COURT.

[2] Penned by Associate Justice Rosmari D. Carandang with Associate Justices Hakim S. Abdulwahid and Mariflor P. Punzalan Castillo, concurring; r o l l o, pp. 217-228.

[3] Id. at 231-233.

[4] Id. at 51-59.

[5] Id. at 220.

[6] Annex "B," Respondent's Position Paper dated October 5, 2000; i d. at 105-106.

[7] Annex "A," Respondent's Position Paper dated October 5, 2000; i d. at 101-104.

[8] Id. at 94.

[9] Id. at 220.

[10] Ibid.

[11] Annex "A-E," Petitioners' Position Paper dated October 10, 2000; i d. at 82-87.

[12] Id. at 75-92.

[13] Id. at 93-107.

[14] The dispositive portion of the decision reads:

WHEREFORE, judgment is hereby rendered declaring the dismissal of the complainants illegal. Respondent AMA Computer Colleges is ordered to reinstate complainants to their former position without loss of seniority

rights and to pay them the following:

1.

YOLANDA MERCADO:

Backwages -

P478,602.72

13[th] Mo. Pay -

39,083.56

Mo. Honorarium -

90,000.00

P 607,686.28

2.

FELIX TONOG:

Backwages -

P360,000.00

13[th] Mo. Pay -

300,000.00

390,000.00

3.

MARGUARITO ALBA:

Backwages -

P234,000.00

13[th] Month Pay -

19,500.00

Mo. Honorarium -

15,840.00

269,340.00

4.

CHARITO DE LEON:

(Same as Alba)

269,340.00

5.

DIANA LACHICA

(Same as Alba)

269,340.00

Total Award

P1,805,706.28

SO ORDERED.

[15] Id. at 63-70.

[16] Id. at p. 68.

[17] Penned by Commissioner Romeo L. Go, and concurred in by Commissioners Proculo T. Sarmen and Raul T. Aquino; id. at 51-59.

[18] G.R. No. 113713, June 11, 1997, 273 SCRA 256.

[19] Rollo, pp. 218-228.

[20] G. R. No. 48494, February 5, 1990, 181 SCRA 702.

[21] Id. at 8-18.

[22] G.R. No. 165594, April 23, 2007, 521 SCRA 526.

[23] Id. at 264-277.

[24] See Soriano, Jr. v. National Labor Relations Commission, G.R. No. 165594, April 23, 2007, 521 SCRA 526; Danzas Intercontinental, Inc. v. Daguman, G.R. No. 154368, April 15, 2005, 456 SCRA 382.

[25] G.R. No. 168654, March 25, 2009.

[26] G.R. No. 183329, August 27, 2009.

[27] The 1992 Manual of Regulations is the applicable Manual as it embodied the pertinent rules at the time of the parties' dispute, but a new Manual has been in place since July 2008; see Magis Young Achievers' Learning Center v. Adelaida P. Manalo, G.R. No. 178835, February 13, 2009, 579 SCRA 421, 431-438.

[28] Supra note 27.

[29] G.R. No. 48494, February 5, 1990.

[30] Section 5, paragraph (2) Article XIV of the 1987 CONSTITUTION reads: "Academic freedom shall be enjoyed in all institutions of higher learning."

[31] Miriam College Foundation v. Court of Appeals, G.R. No. 127930, December 15, 2000, 348 SCRA 265.

[32] *Cagayan Capitol v. National Labor Relations Commission*, G. R. Nos. 90010-11, September 14, 1990, 189 SCRA 65.

[33] G.R. No. 100629, July 5, 1996, 258 SCRA 65.

[34] *Baybay Water District v. COA*, G.R. Nos. 147248-49, Jan. 23, 2002; see also: *Consolidated Food Corp. v. NLRC*, G.R. No. 118647, Sept. 23, 1999.

[35] Article 281 of the LABOR CODE provides:

ARTICLE 281. Probationary employment . - Probationary employment shall not exceed six (6) months from the date the employee started working, unless it is covered by an apprenticeship agreement stipulating a longer period. The services of an employee who has been engaged on a probationary basis may be terminated for a just cause or when he fails to qualify as a regular employee in accordance with reasonable standards made known by the employer to the employee at the time of his engagement. An employee who is allowed to work after a probationary period shall be considered a regular employee.

[36] See Section 3, par. 4, Article XIII, CONSTITUTION.

[37] See *International Catholic Migration Commission v. NLRC*, G.R. No. 72222, January 30, 1989, 169 SCRA 606.

[38] See *Grand Motor Parts Corporation v. Minister of Labor, et al.*, 215 Phil. 383 (1984).

[39] Article 282 of the LABOR CODE states:

ARTICLE 282. Termination by employer. - An employer may terminate an employment for any of the following causes:

(a) Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;

(b) Gross and habitual neglect by the employee of his duties;

(c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;

(d) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representatives; and

(e) Other causes analogous to the foregoing.

[40] Article 283 of the LABOR CODE provides:

ARTICLE 283. Closure of establishment and reduction of personnel. - The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor-saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year.

[41] Ibid.

[42] The procedure for terminating an employee is found in Book VI, Rule I, Section 2(d) of the Omnibus Rules Implementing the Labor Code:

Standards of due process: requirements of notice. - In all cases of termination of employment, the following standards of due process shall be substantially observed:

I. For termination of employment based on just causes as defined in Article 282 of the Code:

(a) A written notice served on the employee specifying the ground or grounds for termination, and giving to said employee reasonable opportunity within which to explain his side;

(b) A hearing or conference during which the employee concerned, with the assistance of counsel if the employee so desires, is given opportunity to respond to the charge, present his evidence or rebut the evidence presented against him; and

(c) A written notice of termination served on the employee indicating that upon due consideration of all the circumstances, grounds have been established to justify his termination.

In case of termination, the foregoing notices shall be served on the employee's last known address.

[43] See *Euro-Linea Philippines, Inc. v. National Labor Relations Commission*, G.R. No. 75782, December 1, 1987, 156 SCRA 78 (1987).

[44] See *Biboso v. Victorias Milling Co., Inc.*, 166 Phil. 717 (1977); *Escudero v. Office of the President of the Philippines*, G.R. No. 57822, April 26, 1989, 172 SCRA 783.

[45] See *Brent School, Inc. v. Zamora*, supra note 29.

[46] Probation is defined as "the action of subjecting an individual to a period of testing and trial so as to be able to ascertain the individual's fitness or lack of fitness for something (as a particular job, membership in a particular organization, retention of a particular academic classification, enrollment in a particular school) or the condition of being subjected to such testing and trial or the period during which an individual is subjected to such testing and trial. Webster's Third International Dictionary of the English Language, Merriam-Webster Inc., 1993 ed.; see also supra note 38.

[47] Respondent's Position Paper dated October 5, 2000, Rollo, p. 96; Respondent's Comment dated November 24, 2008; id. at 266. In the proceedings before the LA, the petitioners argued as early as in their Reply that "[their] dismissal cannot be upheld on the basis of vague and general allegations in respondents Position Paper which is nothing but a collection of conclusions and assumptions without factual basis. As a matter of fact, respondents have not even specified who among complainants allegedly failed to pass the PAST and who among them allegedly did not comply with other requirements for regularization, promotion or increase in salary;" id. at 109.

[48] We note that the petitioners attached in their Reply before the LA a letter stating that on July 27, 2000, they demanded for a copy of their performance ratings in the PAST for the first, second and third trimesters of the school year 1999-2000. Significantly, the evidence on record before us shows that AMACC did not present any copy of the petitioners' performance ratings in the PAST for the three consecutive trimesters of the school year 1999-2000 as well as the first trimester for the school year 2000-2001. AMACC also failed to present the petitioners' individual evaluation reports and other related documents to support its claim that they failed to pass the PAST and other requirements for regularization; id. at 113.

[49] See *Talisay Employees' Laborers' Association v. Court of Industrial Relations*, G.R. No. 39844, July 31,

1986, 143 SCRA 213, 226.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.