

SAINT LOUIS FACULTY CLUB, REPRESENTED BY PRESIDENT WILMA DEL PRADO, PETITIONER, VS. THE NATIONAL LABOR RELATIONS COMMISSION AND SAINT LOUIS UNIVERSITY, RESPONDENTS.

G.R. No. 65585. September 28, 1984

Ponente: ABAD SANTOS, J.

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ABAD SANTOS, J.:

Petition to review and reverse the resolution of the respondent National Labor Relations Commission (NLRC) which affirmed the decision of a Labor Arbiter. The resolution was promulgated on September 21, 1983.

The following facts are quoted from the questioned resolution:

"Records show that the Saint Louis University (hereinafter referred to as the University) applied for permit to increase tuition fees by 15% for the school years 1976-77 and 1977-78. The first and special purpose and justification for the application relates to the 13th month pay. The application having been approved as prayed for, the University implemented the increase in tuition fees. For the school year 1976-77, the incremental proceeds from the increase in tuition fees amounted to P1,161,700.00. Of this total sum, the University distributed 70.20% to 'Employee Compensation and Benefits', particularly for the following:

1. 13th-month pay for 1975, payable on 30 June 1976 (P253,300 or 21.80%);
2. 13th-month pay for 1976, payable on 24 December 1976 (P313,200.00 or 26.97%);
3. Salary increases in SY 1976-77 (P142,000.00 or 12.22%);
4. Increase in retirement fund contributions (P2,600.00 or .22%);
5. Increase in scholarships of the faculty and employees, faculty members' and employees' children, and faculty development expense (P100,000 or 8.62%);
6. Increase in SSS, Medicare and EC contributions (P4,300 or .37%).

For the school year 1977-78, the incremental proceeds amounted to P1,443,870.00. Of this amount, about P998,400.00 went to salary increases and P80,300.00 to 13th month pay.

"Resolving the lone issue of whether or not the University has distributed the 60% increase in tuition fees in accordance with the provisions of P.D. 451, the Labor Arbiter a quo ruled that based on the facts obtaining in this case, the University has substantially complied with the law; for, he opined, 'emoluments and/or benefits mentioned in the law x x x do not refer merely to salary increases, but also, refers to other benefits such as bonuses, allowances, retirements, scholarships, other fringe benefits, etc., which in form and substance are added compensation or benefits to Faculty Club members and employees.'" (Rollo, pp. 15-16.)

Saint Louis University Faculty Club, the herein petitioner, appealed the Labor Arbiter's ruling to the NLRC which affirmed the same. Hence the instant petition.

The issue is whether or not the 13th month pay mandated by law as distinguished from the regular salaries and wages of the petitioner's members should be charged to the 60% incremental proceeds which were realized when tuition fees were increased pursuant to Presidential Decree No. 451.

The pertinent provision is found in Section 3 (a) of the decree which stipulates:

"SEC. 3. Limitations. The increase in tuition or other school fees or other charges as well as the new fees or charges authorized under the next preceding section shall be subject to the following conditions:

(a) That no increase in tuition or other school fees or charges shall be approved unless sixty (60%) per centum of the proceeds is allocated for increase in salaries or wages of the members of the faculty and all other employees of the school concerned, and the balance for institutional development, student assistance and extension services, and return to investment; Provided, that in no cases shall the return to investments exceed twelve (12%) per centum of the incremental proceeds."

Almost one year before the NLRC issued its questioned resolution - on September 30, 1982, to be exact - this Court in G.R. No. 57387, *University of the East vs. University of the East Faculty Association and the Presidential Executive Assistant* (117 SCRA 554) had already ruled on the issue. In said case We held that allowances and benefits mandated by law or secured by collective bargaining agreement should be charged against the return to investments mentioned in the second purpose Of Sec. 3 (a) of P.D. No. 451. In other words, the 13th month pay which is mandated by law should not be charged to the 60% incremental proceeds but against the return to investments. It is passing strange that the members of the NLRC do not seem to keep themselves abreast of decisions of this Court which affect their agency.

WHEREFORE, the petition is hereby granted; the questioned resolution is set aside and, as prayed for, the private respondent is ordered to pay to the petitioner the sum of P499,100.00 as salary increases from the 60% incremental proceeds for the school years 1976-77 and 1977-78 plus attorney's fees in the amount of P25,000.00 and costs.

SO ORDERED.

Makasiar (Chairman), Escolin, and Cuevas, JJ., concur.

Aquino, J., see concurrence.

Concepcion, Jr., and Guerrero, JJ., on leave.

CONCURRING OPINION

AQUINO, J.:

Out of the increase in tuition fees amounting to P1,161,700, for the school year 1976-77, Saint Louis University used P566,500, or 48.77%, to pay the 13th month pay for 1975 and 1976.

Out of the increase in tuition fees amounting to P1,443,870 for the school year 1977-78, the University used P80,300 for the 13th month pay. (The figures in Commissioner Gatchalian's dissent are different.)

Section 3 of Presidential Decree No. 451 provides that 60% of the increase in tuition or other school fees or charges shall be allocated for increase in salaries or wages of the faculty and all other employees of the school concerned, 12% for the return on investments and the balance or 28% for institutional development, student assistance and extension services.

The Department of Education and Culture on January 13, 1976 issued the following rule regarding the disposition of the increase in tuition fees:

"SEC. 2, Rule IV - Distribution of Proceeds. - The following distributions of the total incremental proceeds from the increase in tuition and/or other school fees shall be observed:

"a. 60% - for retirement plan, faculty development and equitable increase in the rates of salary and/or allowance of teaching and non-teaching personnel.

"b. 28% - for improvement in instructional, library and research facilities, student and extension services and additional scholarships.

"c. 12% - for return on investments."

The payment of P646,800 as 13th month pay for 1975 to 1977 was chargeable against the University's 12% return on investments and other funds and not against the 60% incremental proceeds and the 28% for improvements in facilities.

Hence, the University should follow section 3 of Presidential Decree No. 451 in disposing of the proceeds in the increase of tuition fees in salary increases and improvements of facilities. An adjustment in the disposition of the said increase is necessary. The administrative employees would be benefited by the increase.

The fact that the increase in tuition fees was motivated by the University's desire to have money for the 13th month pay does not affect the provisions of section 3 of Presidential Decree No. 451 which should be applied independently of Presidential Decree No. 851 regarding the 13th month pay.

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