



STATEMENT OF THE ATENEO DE MANILA UNIVERSITY ADMINISTRATION PANEL

25 October 2019

The Ateneo de Manila University Administration Panel writes to update the Ateneo community about recent developments in the ongoing CBA negotiations with the Ateneo de Manila University-Employees and Workers Union (AdMU-EWU) composed of 251 maintenance, technicians, food service and voluntary office staff out of a total of 3015 employees as of 5 September 2019.

1. The parties have been negotiating since late June 2019. They agreed on Ground Rules to govern the conduct of their discussions, and started negotiations by providing context and presenting explanations and justifications for their respective proposals and counter-proposals.

2. There has been give-and-take on various CBA items, but discussions on the main focus of the CBA negotiations - i.e. the wage package - have met some difficulty.

- The University's initial proposal is a monthly increase of Php350.00 and a lump sum Performance Bonus of up to Php10,000 for 2019; Php450.00 and a lump sum Performance Bonus of up to 10,000 for 2020; and Php550.00 and a lump sum Performance Bonus of up to Php10,000 for 2021.
- The Union's demand is for a monthly increase of Php6,000 for 2019; Php6,000 for 2020; and Php6,000 for 2021.
- The University has presented its counterproposal to increase other benefits, such as the Dependent's Allowance; Family Subsidy; and Educational Benefits for dependents.
- The Union for its part has demanded new, additional monetary benefits, such as "Hazard Pay" and "Longevity Pay."

3. The Union demand represents a 20% wage increase over their average salaries and is neither affordable nor sustainable. Private sector for-profit employers in the Philippines rarely grant a wage increase in the double digits, and that is certainly even more true for non-profit educational institutions like AdMU.

4. One of the premises for the Union demand appears to be its interpretation of the law regulating tuition fee increases. Republic Act No. 6728 otherwise known as the "Government Assistance To Students and Teachers in Private Education Act," allows private schools to increase their tuition fees on the condition that 70% of the tuition fee increases shall go to the payment of salaries, wages, allowances and other benefits of teaching and non-teaching personnel.



- The Union has interpreted this law to mean that union members are entitled, as a matter of right, to a certain pro-rated share of that 70% figure.
- But this interpretation does not appear to square with decisions of the Supreme Court, which has categorically declared that “no vested rights accrue” to employees from this 70% tuition fee increase. Instead, “R.A. No. 6728 simply mandates that the 70% incremental proceeds arising from tuition fee increases should go to the payment of salaries, wages, allowances, and other benefits of the teaching and non-teaching personnel except administrators who are principal stockholders of the school. As to the manner of its distribution, however, the law is silent. The letter of then DECS Secretary Armand Fabella, correctly stated that the discretion on what distribution scheme to adopt is vested upon the school authorities. In fact, the school can distribute the entire 70% for an across-the-board salary increase, for merit increase and/or for allowances or other benefits.”
- Other Supreme Court decisions have also consistently recognized that “the private 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. In other words, the allocation of the 70% of the IP is considered a management prerogative.”
- These rulings take into account that a union may not be the only employee stakeholder involved in the distribution of the 70% tuition fee increase, which is intended to benefit all the teaching and non-teaching personnel of the University of which union members are only a part.

5. Another point of difference is the Union’s claim that AdMU owes it certain information, including confidential budget data of the University, as well as salary and population data about other employee sectors of the University.

- The University has explained to the Union that this data cannot be given to the Union, because it includes (a) confidential budget figures that are the very basis for the University’s negotiating position; and (b) data about workers who do not belong to the Union.
- The University pointed out that, under the Labor Code - which is the law applicable to collective bargaining negotiations - the University is required to provide “audited financial statements, including the balance sheet and the profit and loss statement.” AdMU provided this data to the Union as soon as it became available, including the latest audited financial statement.



- The University recognizes that the Union is entitled to information about the University's financial condition, because that is relevant to its wage demand. And again, on this question - that is, which financial data is relevant to a collective bargaining negotiation in a case involving an educational institution - the Supreme Court has said "that the standard proof of a company's financial standing is its financial statements duly audited by independent and credible external auditors. Financial statements audited by independent external auditors constitute the normal method of proof of profit and loss performance of a company." In relation to the request for tuition fee and related budget data, the Supreme Court ruled that "the financial capability of a company cannot be based on its proposed budget because a proposed budget does not reflect the true financial condition of a company, unlike audited financial statements xxx."

6. The Union has accused the AdMU Administration Panel of "negotiating in bad faith" because of these differences in interpretation, and has filed a Notice of Preventive Mediation before the Department of Labor and Employment (DOLE).

- Regrettably, much to the AdMU Administration Panel's disappointment, the Union filed this Notice despite (i) an agreement in the Ground Rules; and (ii) the Union Panel's own representations during negotiations, to seek DOLE's technical assistance only before any other kind of formal DOLE intervention, such as a Preventive Mediation.
- In any case, the University definitely cannot be considered as acting in "bad faith" particularly where the basis for the University's action is legal precedent as decided by the Supreme Court. These Supreme Court decisions are important to consider, because these are the settled interpretations of the very law that both AdMU and the Union appear to have differences over.

In spite of this setback and the parties' differences, the University and the AdMU Administration Panel, while prepared for any outcome, remain hopeful that there is a reasonable way forward, and are committed to continue negotiating and carrying through with the collective bargaining process.

We ask you to continue to pray for a successful and sustainable resolution that is a "win-win" for both the Union and the University.

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