



UNIVERSITY OF THE PHILIPPINES
Quezon City

OFFICE OF THE PRESIDENT

12 September 2006

MEMORANDUM NO. PERR 06-036


FOR : All Chancellors

ATTENTION : Vice Chancellor for Student Affairs, UP Diliman
Dean/Director of Student Affairs, All Campuses

SUBJECT : Distribution of Tuition Proposal and Primer to Students
and Student Organizations

We request you to help us distribute the **Tuition Proposal** prepared by the committee chaired by Dr. Emmanuel de Dios of the School of Economics to selected student organizations, including the **editors of the campus student publications**. We request you, further, to help us disseminate as widely as possible the **Primer** on the tuition adjustment. Please let us know if you need more copies.

The Chancellors or heads of units are enjoined to respond positively to requests for a discussion on the tuition proposal. Feedback on these discussions would be appreciated.


EMERLINDA R. ROMAN
President

PRIMER ON THE PROPOSAL TO ADJUST TUITION AND OTHER FEES

1. When was the last time UP adjusted its undergraduate tuition?

UP last adjusted the level and structure of its undergraduate tuition fees around fifteen years ago. At that time, the tuition rates were set at P300.00 per unit for Diliman, P250.00 for Los Baños and Manila, and P200.00 for the regional units.

2. In the face of inflation and the rate of increase in the cost of education services, what is the real value of these tuition rates today?

If we adjust for inflation generally, these tuition fees are worth only a third of their value in 1989. In fact, if we consider the rate of increase of prices for educational services in particular, these tuition fees are worth even much less today. The real values controlling for these factors are given below.

<u>1989 Rates</u>	Real Value in 2005 controlling for inflation	Real Value in 2005 controlling for increase in the prices of education services
P300/unit (Diliman)	P98.00/unit	P42.00/unit
P200/unit (regional units)	P61.00/unit	P28.00/unit

Moreover, the stipend STFAP qualifiers receive is also worth much less than before. What used to be a generous amount of P8,250 per semester is now only worth P2,705.

3. What have been the consequences of inflation eroding the real value of UP's tuition and other fees?

The erosion in the value of UP's undergraduate fees has severely affected its institutional capability on two levels: a) coping with rapidly increasing maintenance and other operating expenses for power, security, and other utilities costs; laboratory maintenance; equipment repair; chemical reagents; instructional supplies and materials; and other instruction-related expenses and b) procurement of equipment and upkeep of its facilities.

The staggering cost of power and utilities has eaten up a large part of its income. The university's ability to respond to technological developments is hampered by its lack of funds for the acquisition of equipment for its instructional and research needs.

Furthermore, the erosion of the real value of tuition fees extends unwarranted subsidies to students coming from families that could actually have afforded to pay the full cost of instruction.

4. What are the costs directly related to undergraduate instruction in UP?

For UP campuses all over the country, the average cost of undergraduate instruction (faculty time/salary spent for instruction, supplies and teaching materials, utilities, etc.) is estimated to be P1,531 per student-credit unit, although there are significant variations across campuses. In campuses like Diliman, Los Baños, and Manila, the cost actually incurred for each student-credit unit is P1,500-P1,600; it is somewhat lower at P1,000.00 for regional campuses.

5. What is the basis for adjusting the tuition fees?

UP will adjust tuition fees based on inflation.

6. What are the proposed levels of tuition fees?

The proposed levels of tuition fees represent only an adjustment to correct for inflation and are not indexed on the prices of educational goods and services. They are as follows:

Campuses	Existing	Proposed
Group I:		
Diliman	P300.00	P1,000.00
Manila	P300.00	P1,000.00
Los Baños	P250.00	P1,000.00
Group II:		
Baguio	P200.00	P600.00
Visayas	P200.00	P600.00
Mindanao	P200.00	P600.00

Note: It is proposed that tuition fees will be subsequently adjusted annually based on the national inflation rate.

With these revised tuition fees, UP’s charges for tuition remain significantly lower than the true cost of an undergraduate UP education and therefore still contain a significant public subsidy for higher education.

7. Why doesn't UP simply ask for a higher budget or subsidy from the government?

Every year, UP asks the national government for a higher budget. Not only do we not get this, but what we do receive is proportionally lower than the previous year's budget. A substantial and permanent increase in national support for the University is unlikely to be forthcoming when the national government itself has announced that its priority is taming a budget deficit. Even if the government were more willing to spend on education generally, there would still be much debate about whether more should go to tertiary education than to elementary and high school education, where the country's needs are even more urgent. Furthermore, the share of UP vis-à-vis other state universities and colleges has been a contentious issue. UP's needs cannot wait upon the outcome of such debates. It behooves the University to seek a solution to its current problems based on a more rational and equitable marshalling of its existing resources.

8. Is UP exploring other means to raise funds from other sources?

Yes. UP is aggressively pursuing resource generation and mobilization programs. Among other things, UP is engaging in fund-raising activities with the help of UP alumni and other friends of the University; putting idle assets to productive use, establishing linkages with the private sector; strengthening the Technology Licensing Office to assist faculty members and researchers in securing licenses and patents for their discoveries and inventions; and designing and implementing an accreditation system for UP-based foundations which raise funds for the benefit of UP units. While we continue to look for more resources, we are also streamlining operations and increasing administrative efficiency. Raising tuition fees is the last step in the University's efforts to improve its financial viability.

9. Who will be affected by the proposed increase in tuition fees?

If approved, the new tuition shall apply only to entering freshmen and transferees of AY 2007-2008. Students who are already in UP will pay the old tuition rates.

10. How do UP's miscellaneous fees compare with those of private institutions?

On the average, UP's miscellaneous fees are only 8% of those charged by some comparable universities on an annual basis. UP's fees through the years have failed to reflect the rapid increase in the cost of items that are indirectly but closely related to the effectiveness of its teaching functions. Miscellaneous fees for freshmen per semester for comparable institutions are presented below:

Type of Fees	UP	University A	University B	University C
Miscellaneous Fees	P662.00	P5,316.00	P15,306.00	P6,465.00

Note: Some re-classification of the fees of the other universities was undertaken to make these comparable to the UP fees.

11. Why do the miscellaneous fees have to be adjusted?

The miscellaneous fees have to be adjusted because of rapid increases in: a) maintenance of internet infrastructure in each campus; b) electricity consumed by the university's facilities; and c) purchase of books and maintenance of journal and library subscriptions.

12. By how much will current miscellaneous fees in UP be adjusted?

To reflect the adjustments for these three expenditure items, UP's miscellaneous fees will be adjusted by campus as follows:

Campus	Existing	Proposed
I. Category I		
Diliman	P615.00	P2,000.00
Los Baños	P515.00	P2,000.00
Manila	P565.00	P2,000.00
II. Category II		
Baguio	P595.00	P1,405.00
Visayas	P595.00	P1,405.00
Mindanao	P830.00	P1,640.00

13. How will UP utilize its increased income from higher tuition and other fees?

UP's income will be used to cover increasing cost of power and other utilities, procurement of equipment and upkeep of facilities, purchase of books and maintenance of journal and library subscriptions, and enhancement of teaching and research.

14. What direct benefits will students get from the tuition and miscellaneous fee increase?

For students, this will translate into quality academic services (in terms of instruction and supervised research) provided by highly qualified faculty members, improved student-computer ratios, increased internet access, well-maintained teaching and research laboratories with state-of-the-art equipment, easy access to a wider and updated collection of textbooks and reference materials (in various forms, i.e., online, print, etc.) in UP libraries, and increased stipends and a larger number of recipients of the Socialized Tuition and Financial Assistance Program (STFAP).

15. What is UP's Socialized Tuition and Financial Assistance Program (STFAP)?

When UP last adjusted its undergraduate tuition in 1989, the Board of Regents also approved the Socialized Tuition and Financial Assistance Program (STFAP). This program was envisioned to "democratize access and admission to its various academic programs and promote fairness and social justice in the University, befitting its status as a state-supported institution of higher learning." (BOR Resolution, Jan. 30, 1989)

The STFAP was designed based on the principle that "students who can afford [it] should pay at least the full cost of their UP education as tuition [fees]; and students who cannot should be granted subsidies in the form of discounts in tuition and other fees, book allowances and monthly stipends."

The key components of the STFAP as adopted in 1989 and implemented are as follows:

- a) the adjustment of tuition from almost nominal to P300/unit in Diliman, P250/unit in Los Baños, and P200/unit in regional campuses;
- b) a scheme of socialized tuition discounts, ranging from 100 to 75 percent discounts based on ability to pay; and
- c) a program of cash stipends and allowances provided to the most deserving students again based on financial need.

16. How has inflation affected the implementation of the STFAP?

The University's failure to adjust its tuition and miscellaneous fees to deal with the effects of inflation has not only compromised its ability to cover rising operating costs, but it has also undermined its ability to implement a truly socialized admissions policy.

- a) The eroded real value of tuition provides unwarranted support to students whose families can actually afford to pay the full cost of instruction.
- b) Benefits given to deserving students have also been eroded. Students who would have qualified for certain levels of support in the past are no longer qualified to the same level of support.
- c) The rise in nominal incomes in almost two decades has resulted in fewer students qualifying for tuition-fee discounts and stipends. From a high of 34% of the UP student population in 1989, stipend qualifiers were reduced to 5% in 2003-2004.
- d) The stipend given to qualifiers is also worth much less than its former value. What was considered a generous maximum stipend of P8,250 is now effectively worth only a token P2,705 per semester.

17. How will the current STFAP be reconfigured to correct for the effects of inflation, given the proposed tuition and miscellaneous fees?

The proposed restructuring of the STFAP with the revision in the tuition rates will entail the following:

- a) Delineation of socio-economic brackets will be based on the distribution of family incomes among freshmen admitted to UP in 2004, as compiled by the Office of Admissions.
- b) The number of brackets will be collapsed from nine to five to simplify administration of the program.
- c) A standard and higher stipend equal of P12,000/ semester will be implemented. This stipend, together with tuition fee levels, is envisioned to be adjusted annually based on inflation to prevent the serious problems caused by the erosion in these values that were discussed previously.

18. What are the most important features of the revised STFAP?

The reconfigured STFAP will have the following features:

- a) Under the revised fee structure, students up to the 97th percentile of the national family income distribution shall continue to enjoy a tuition subsidy.
- b) There will be wider stipend coverage and higher stipend rates for qualified students.
- c) Only students coming from the most affluent families (top percentile of the population) will pay close to full cost.

19. Who may avail themselves of the new benefits under the revised STFAP scheme?

If approved, this revised STFAP scheme will apply only to qualified entering freshmen and transferees for AY 2007-2008.

20. Will UP review the current procedures for processing STFAP applications?

Yes, a committee has been constituted to review the STFAP. This committee will review, among others, STFAP's brackets, application forms, information/documents required of applicants, and processing of applications.

October 31, 2006