



## Freedom from Debt Coalition

11 Matimpiin St., Brgy. Pinyahan, Quezon City 1100, Philippines

Phone: (+63.2) 921.1985 | Telefax: (+63.2) 924.6399

Website: [www.fdc.ph](http://www.fdc.ph) | Email: [mail@fdc.ph](mailto:mail@fdc.ph)

---

# Social Debt to education mounts as State relinquishes role to private business

Freedom from Debt Coalition | 10 June 2013

There are two perilous trends in the Philippine education that are missed out in the barrage of conflicting claims and the raging debates on its current state – the mounting **social debt** incurred by the Philippine Government to education and the **increasing relinquishment** by the Philippine Government of its basic duty to provide education for our people to private or corporate business.

## Social Debt to education

The Freedom from Debt Coalition (FDC) came out with the concept of a **social debt** in recognition of the historical fact that the country's historical debt burdens and continuing debt dependence have stood in the way of the Filipino people's development and well-being. The Philippine Government continues to uphold a law on automatic appropriations for debt service which prioritized debt payments over other public expenditures, including such vital public services as education, health and housing.

FDC defines social debt as "the State's unfulfilled obligations to its citizens, which can be approximated from the State's commitments in its Constitution and its laws, the socio-economic targets set by all previous development programs and plans, and the international standards set by the United Nations and other international covenants."

To measure the social debt to education, FDC uses the UNESCO recommendation of at least 6 % of GNP public spending on education which government expenditure cannot sink without serious consequences for fulfilling, protecting and realizing the human right to education and the universally shared aspiration of quality education for all.

In addition, FDC includes all the unfulfilled commitments the Philippine Government made to education in its series of Medium Term Philippine Development Plans since 1986, other national policies and the promise of the 1987 constitution of universal secondary education for all Filipinos.

FDC research reveals the telling impact of a consistently low level of public spending on education. Since 1996, when Delors Commission submitted its recommendations to UNESCO pegging its benchmark for public expenditure to education at 6% of GNP, the Philippine government's "Education Debt" to all Filipino youth, students and teachers accumulated to roughly around P 3.763 T [See Annex for Graph].

Despite the declaration in the Constitution that education shall be the budgetary priority of the State, from 1986-1996 and 2000-2012, interest payments exceeded education spending. In 2012, budget for principal and interest payments (P739 billion) was three-fold compared to that for education (P224.9 billion). For 2013, earmarked education spending is even lower than 15.03% post-EDSA administrations' average (1986-2012), a meager 14.97% of the national budget.

In fact, of the ASEAN-6 (Philippines, Indonesia, Malaysia, Singapore, Thailand and Vietnam), the Philippines has the lowest education spending in proportion to the total budget (except Singapore), as percentage of GDP, and per student (as percentage of GDP per capita), according to UNESCO and World Bank data. Further, the country's spending level which is 2.7% of GDP is below the East Asian regional average of 3.6% and South Asia's average of 3.8% of GDP.

While we note the Aquino administration's efforts to increase the education budget, we lament that these are not enough. The public education expenditure of 2.2% of GNP in 2012 is a far cry from the UNESCO's international benchmark of 6% of GNP.

### **State's relinquishment of duty**

While social debt mounts, another perilous trend has gained strength especially during the last ten years. This is the increasing relinquishment by the Philippine Government of its basic duty to provide education for our people, especially the youth to private business or big corporate interests in the country.

Glaring examples are: (1) Government Assistance to Students and Teachers in Private Education (GASTPE), (2) Private-Public Partnerships (3) weak regulation over private schools as manifested by brazen tuition and other fee increases through the years, (4) decentralization of public school management which encourages the entry of private business, and (5) continuing tax privileges to Catholic schools and other schools.

For one, through the Education Service Contracting (ESC) and Education Voucher System (EVS) programs under or GASTPE, government "contracts" out the excess capacities of private high schools through subsidies of the tuition of students who enroll in private high schools in lieu of public high schools that can no longer accommodate them. P10,500 is allocated for each student in the GASTPE program in the National Capital Region while P6,000 is allocated to each student in other regions. According to DepEd, there are a total of 637,794 ESC grantees while EVS has 59,914 for a total of 697,708 beneficiaries enrolled in 2,580 participating schools nationwide to date.

On the surface, it appears government is merely utilizing the existing resources of private education and is just trying to decongest the public schools. However, when you weave this with the unabashed granting of tuition fee hike applications of more than 600 schools, colleges and other educational institutions for this school year alone, with the remorseful National Achievement Test performance of students of private schools compared to that of public schools (which, by itself, is already deplorable), and with Education Secretary Armin Lusitro's words that "[they]'ll be happier if [they] have to build fewer classrooms... to save more by giving subsidies instead", the underlying government policy becomes clear.

The Philippine State has no intention of owning up to its constitutional obligation to ensure access of all to quality education at all levels. Thus, it looks to the direction of private business. However, capital dictates that its investments have to gain profit. To guarantee this return, for decades, government used and continues to use tax payer's money (through GASTPE) and increasing out-of-the-pocket expenses of households (through tuition fee hikes) to subsidize the private business in education, without regard to the real costs and outcome of the program as long as government can say it was able to send this number of kids to school.

There seems to be no stopping for DepEd, as for this school year, no less than the Education Secretary boasts that its budget for the program has increased to a whopping P7 billion, for a million grantees, and says that they plan to send more students to private school, particularly a third of the expected one million students who will be entering senior high school in 2016.

### **Lack of Money, Lack of Priority**

Increasing private or corporate business incursions into Philippine education has been consistently justified by the Philippine government on grounds that it lacks the money or the fiscal capacity to respond to the expanding needs of Philippine education. But public budgeting is basically a question of priority. Philippine budgets over the decades do not show education as a central priority of the government.

Why? Since the late 1980s, successive Philippine governments from Cory Aquino to Ramos to Estrada to Macapagal-Arroyo and now under P-Noy have adopted the neo-liberal model of development which has been imposed globally by global capitalist powers led by the US and by the IFIs. This development model assigns the main role in promoting economic growth to the corporate sector and even concedes to this sector an increasingly alarming space in the delivery of vital public goods/services like education. This model looks at education as more of a skills training regimen to prepare our labor force for the available jobs in the market than anything else. In short, education is primarily a commodity.

Farther back is our colonial and post-colonial legacy of an educational philosophy long implanted in our society which assigns to parents or families the main if not the exclusive burden of providing for the education for the young. Ask any young man or woman today why he or she stops schooling. The invariable answer is his or her parents cannot afford anymore to send him or her to school.

And yet, it is the State which should carry the main burden of providing education to our people. Sec 1, Article XIV of the Philippine Constitution of 1987 provides that "The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all." Sec 5(5), Article XIV further says that "The State shall assign the highest budgetary priority to education and ensure that teaching will attract and retain its rightful share of the best available talents through adequate remuneration and other means of job satisfaction and fulfillment." This is so and must be so because education is not only for developing skills for jobs offered by markets but more importantly for the total human development of its citizens and the inculcation of citizenship values geared towards national development and a just society in our country and the world.

### **Automatic debt service**

Social debt is the flip side of decades of Philippine indebtedness to international financing institutions (IFI) like the International Monetary Fund and World Bank and the Asian Development Bank and other bilateral sources. IFI and bilateral debts have been granted on condition that the Philippines adopt policies like liberalization, privatization and deregulation with onerous terms of payment.

To make sure that the Philippine government will pay, automatic appropriations for debt service has been adopted as law first by Marcos and extended by Cory Aquino. This has greatly limited the ability of the Philippine government to spend for basic services for the people like education. This was most pronounced when debts to IFIs and other governments were the main sources of Philippine loans. But even today when capital markets have become the main credit sources of

Philippine debts, the automatic appropriations for debt service law remains the main attraction to external and internal loan facilities.

### **Other negative outcomes**

Given the (lack of) priority that government accords to education, it is not surprising, therefore, that the right to quality education in the country effectively remains to be beyond the reach of millions of poor Filipinos.

According to the Annual Poverty Indicators Survey (APIS) 2010 of the National Statistics Office (NSO) data, one (1) out of eight (8) Filipinos, or around 6.24 million Filipinos, aged between six 6 and 24 is an out-of-school youth. The survey cited "lack of personal interest," "high cost of education," and "looking for work" as main reasons for not attending school. It further revealed that six percent of the estimated 29 million children 5 to 17 years old are working children.

Furthermore, for the "luckier" ones, only 7 out of 10 finish elementary while only 5 of this 10 will graduate from high school, according to DepEd BEIS (Basic Education Information System) 2008-2009.

The performance of students is even sorrier. The latest results of the National Achievement Test (NAT) for elementary showed improved students' performance from previous years but such still with a distressing achievement rate of 68.15% in SY 2010-11 (MPS in Science at 60.37% is the lowest among the subjects). The NAT results in the secondary level are even more disappointing with a 45.6% achievement rate (MPS in Science is also the lowest).

At an even worse state is the access to higher education. According CHED data for 2010, only two out of ten high school graduates (or about 40%) proceed to college. Cohort survival is another issue altogether. According to the 2007 APIS, the proportion of dropouts was worst at the tertiary level, or among the 16- to 24-year olds. Even more appalling, the 2010 average professional licensure exams passing rate across disciplines was less than 34 % in 2010, according to CHED's own study. Since 2002 and probably even beyond, this average never went beyond 39 %.

### **Crucial steps**

The biggest challenge of Philippine education is to bring education in the center of State priorities and to assert the central role of the State in providing education to our people.

The first step is to increase to 6% of GNP its annual budget for education. This can be done by repealing the automatic appropriation for debt service law and by a set of progressive taxation to raise more revenues for education.

The other important step is to stop the trend of allowing more and more private corporate incursions into our education which can only turn it into money-making. ###

