



AGENCY BUDGET NOTES

For FY 2023



COMMISSION ON HIGHER EDUCATION



P29.89B

TOTAL NEW APPROPRIATIONS FOR 2023

BREAKDOWN OF OPERATIONS BUDGET



P29,298.6M
(98.5%)
Higher Education Development Program



P457.9M
(1.5%)
Higher Education Regulation Program

COST STRUCTURE

General Admin and Support **P122.4M**
(0.4%)

Support to Operations **P14.1M**
(0.0%)

Operations **P29,756.4M**
(99.8%)

COMPLIANCE WITH AUDIT RECOMMENDATIONS

262

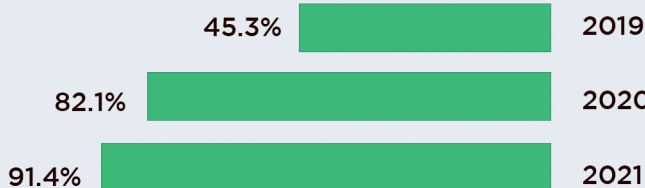
TOTAL COA AUDIT RECOMMENDATIONS

116
(44.3%)
IMPLEMENTED

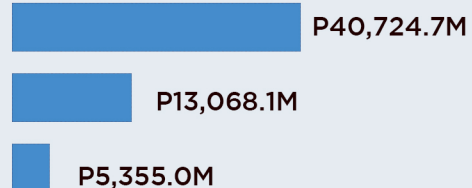
146
(55.7%)
NOT IMPLEMENTED

CHED BUDGET UTILIZATION

OBLIGATIONS TO APPROPRIATIONS RATIO



UNUSED APPROPRIATIONS



QUICK FACTS



KEY SECTOR INFORMATION

Particulars	Latest Data Available	2022 PDP Targets
Higher Education Institutions (HEIs)		
Number of HEIs engaged in local and global partnership and collaborations	170	100
Number of HEIs in reputable international rankings	14	8
Number of HEIs with accredited programs	701	735
Students		
Percentage of students awarded scholarships, grants, and other financial assistance	55.4%	45%
Number of beneficiaries granted access to free tertiary education	1.6 M	1.5 M
Number of graduates in in-demand and hard-to-fill occupations	158,352	250,000
Ratio of male to female enrollees in higher education	1:1.28	1:1.25
Number of female students enrolled in advanced education program (cumulative)	144,000	185,000
Faculty		
Percentage of Faculty with Masters degree	39.9%	45%
Percentage of Faculty with PhD degree	15.5%	19%

Higher Education Statistics

	'20-'21	'21-'22
Total HEIs	2,418	2,443
Public	684	697
State Universities and Colleges (SUCs)	114	114
SUC Satellite Campuses	421	432
Local Colleges and Universities (LCUs)	135	138
Other Gov't Schools/Special HEIs	14	13
Private (Sectarian and Non-Sectarian)	1,734	1,746



Enrollment

	'20-'21	'21-'22
All Disciplines	3,643,518	4,443,878
Public	1,822,813	2,229,120
Private	1,820,705	2,214,758

Graduates

	'19-'20	'20-'21
All Disciplines	491,588	345,297
Public	226,114	157,960
Private	265,474	187,337

Top 5 Most Populated Discipline Groups

(AY 2020-21 Enrollment and 2019-20 Graduates)



Business Administration and Related Courses



Education and Teacher Training



Engineering and Technology



Information Technology



Criminology and Related Courses (Enrollment)
Medical and Allied Courses (Graduates)

Source: CHED Office of Planning, Research, and Knowledge Management

HEIs in World University Rankings



601-800 (↓)

By Times Higher Education (2022)

412 (↓)

By Quacquarelli Symonds (2023)



651-700 (↓)

By Quacquarelli Symonds (2023)



1,201+ (↓)

By Times Higher Education (2022)

801-1,000 (-)

By Quacquarelli Symonds (2023)



651-700 (↑)

By Quacquarelli Symonds (2023)

Note: Arrows denote change in ranking from previous year

Source: Times Higher Education Website, QS Top Universities Website

HIGHLIGHTS

- ❑ *Expenditure Program.* The total proposed expenditure program for the Commission on Higher Education (CHED) in 2023 amounts to P30.7 billion—of which 97.3% (P29.9 billion) are new appropriations while the remaining 2.7% (P841.7 million) are automatic appropriations. By expense class, most of the Commission’s proposed funding will go to Maintenance and Other Operating Expenses (MOOE) at P30.2 billion (98.3%) and the rest will go to Personal Services (PS) at P511.2 million (1.7%).
- ❑ *New Appropriations by Cost Structure.* New appropriations for CHED in 2023 amounts to P29.9 billion, a 5.7% reduction from its 2022 approved funding. The bulk of CHED’s new appropriations will be allocated to Operations with proposed expenditures of P29.8 billion (99.5%). Moreover, General Administration and Support will receive P122.4 million (0.4%), and Support to Operations at P14.1 million (0.05%).
- ❑ *Allocation by Major Programs.* A total of P29.3 billion or 98.5% of the Commission’s Operations budget will fund the Higher Education Development Program (HEDP), while the residual P457.9 million will support the Higher Education Regulation Program. Out of the proposed P29.3 billion for HEDP, P25.8 billion will go to the Universal Access to Quality Tertiary Education (UAQTE).
- ❑ *Budget Utilization and Unused Appropriations.* The obligation-appropriations ratio (OAR) for CHED in 2021 is at 91.4% which resulted in unused appropriations amounting to P5.4 billion – a huge improvement from the Commission’s 45.3% OAR in 2019. While this is so, its disbursement rate slightly went down to 61.3% in 2021 from 62.9% in 2020. In terms of programs, obligation rates of both the Higher Education Development Program (HEDP) (91.3%) and the Higher Education Regulation Program (86.8%) can still be improved. Disbursement rate of the HEDP is fairly low at 62.1%.
- ❑ *Compliance with Audit Recommendations.* CHED achieved a compliance rate of 44.3% having implemented 116 of the 262 audit recommendations by the Commission on Audit. Unimplemented recommendations include those relating to the utilization of the HEDP and the implementation of its Study Now Pay Later Program.

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COMMISSION ON HIGHER EDUCATION *

I. MANDATE AND ORGANIZATIONAL OUTCOMES

1.1 The Philippine Development Plan (PDP) 2017-2022 was updated to take into account the effects of COVID-19 pandemic. It has adjusted its goal from ‘accelerating human capital development’ to ‘transforming it towards greater agility for a healthy and resilient Philippines’. To realize this goal, the PDP has included the strategy of ensuring quality and globally-competitive higher education by:

- enhancing the implementation of Student Financial Assistance Programs;
- boosting Philippine competitiveness in international university rankings;
- developing an academic roadmap responsive to the demands of the fourth industrial revolution;
- intensifying distance-learning methods to promote learning continuity and retooling; and
- boost cutting-edge research and innovation initiatives.

1.2 The Commission on Higher Education (CHED) was established in 1994 through Republic Act No. 7722 or the Higher Education Act of 1994. In order to achieve an affordable and accessible quality education at all levels, CHED is mandated to formulate and recommend policies and programs on higher education and research. The Commission is also mandated to monitor and evaluate the performance of higher education programs and the quality of education that public and private higher education institutions (HEIs) provide.

1.3 The Commission’s organizational outcome is centered on quality tertiary education: to produce holistically-developed and civic-minded critical thinkers, lifelong learners, innovators, job creators, and entrepreneurs for inclusive growth. In turn, its programs are focused on the development and regulation of higher education which includes providing scholarships to both students and faculties of HEIs.

* This document was prepared by Coleen Abigail V. Villaluz as input to the deliberations of the House Committee on Appropriations on the FY 2023 proposed National Budget. The report benefitted from the inputs of Director Pamela Diaz-Manalo, Executive Director Novel V. Bangsal, and from the overall guidance of Deputy Secretary-General Romulo EM Miral, Jr., PhD. The layout/design of the infographics and Quick Facts by Carla P. Soriano is also acknowledged. The views, perspectives, and interpretations in this ABN do not necessarily reflect the positions of the House of Representatives as an institution or its individual Members. A copy of this publication is available at the CPBRD’s website: cpbrd.congress.gov.ph.

II. SOURCES OF APPROPRIATIONS

- 2.1 Table 1 shows that CHED's total appropriations for 2023 amount to P30.7 billion. Of this amount, 97.3% or P29.9 billion will be sourced from new appropriations, while the remaining 2.7% or P841.7 million from automatic appropriations. The proposed new appropriations is 5.7% (P1.8 billion) less than the approved level for 2022. Note that the 2023 total available appropriation may not be entirely comparable with previous fiscal years as budgetary adjustments and continuing appropriations are reflected only at the end of the year.
- 2.2 Continuing appropriations are unused appropriations from the previous year that is carried over to the next fiscal year. CHED's continuing appropriations for 2022 declined by 68.3% to P3.5 billion. Most of the 2022 continuing appropriations are due to unobligated releases for Maintenance and Other Operating Expenses (MOOE) from the 2021 General Appropriations Act (RA 11518) worth P3.0 billion. There are also continuing appropriations from unobligated appropriations for Capital Outlay (CO) (P105.0 million) and MOOE (P124.02 million), as well as unreleased releases for CO (P264.6 million).

TABLE I
SOURCES OF FUNDS, 2021-2023
COMMISSION ON HIGHER EDUCATION

PARTICULARS	Amounts (in Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	50,505.7	31,684.5	29,892.9	81.0	87.4	97.3
Supplemental Appropriations	-	-	-	-	-	-
Automatic Appropriations	1,332.6	1,067.3	841.7	2.1	2.9	2.7
Continuing Appropriations	11,059.9	3,508.4	-	17.7	9.7	-
Budgetary Adjustments	(577.0)	-	-	(0.9)	-	-
Total Available Appropriations*	62,321.3	36,260.2	30,734.6	100.0	100.0	100.0
LESS: Unused Appropriations	(5,355.0)	(3,508.4)	-	8.6		
Total Obligations	56,966.2	32,751.8	30,734.6	91.4		

Note: Totals may not add up due to rounding off.

Source of basic data: FY 2023 National Expenditure Program (NEP)

- 2.3 Budgetary adjustments are transfers made to or from other agencies and Special Purpose Funds (SPFs) within the fiscal year. Net budgetary transfers for 2021 amounted to -P577.0 million. The Commission received transfers from the Miscellaneous Personnel Benefits Fund (MPBF) and the Pension and Gratuity Fund (PGF) amounting to P8.0 million. However, an amount of P585.0 million from the budget year 2020 was returned to the Treasury as overall savings.
- 2.4 Under the special provisions, CHED will also receive an additional funding of P1.0 billion for the Higher Education Development Fund on top of its available appropriations from the GAA. The fund will be used for the MOOE requirements of the Commission and will

be sourced from travel tax collections, lotto operations sales, and PRC collections in pursuant to RA 7722¹.

III. EXPENDITURE PROGRAM

3.1 The proposed expenditure program of CHED for 2023 amounts to P30.7 billion (*see Table 2*). This is a drop of P2.0 billion or 6.2% from the approved expenditure program for 2022. Approved budget for 2022 already went down by 42.5% from P57.0 billion in 2021 to P32.8 billion. The level of the proposed expenditure programs is comparable to its pre-pandemic levels of P33.7 billion in 2019 and P28.5 billion in 2018.

TABLE 2
EXPENDITURE PROGRAM, 2021-2023
(AMOUNTS IN MILLION PESOS)

Year	Amount	Increase/(Decrease)	Growth Rate (%)
2021	56,966.2	(2,999.1)	(5.0)
2022	32,751.8	(24,214.4)	(42.5)
2023	30,734.6	(2,017.2)	(6.2)

Source of basic data: FY 2023 BESF

3.2 In terms of expense class, the Commission allocates the bulk of its proposed funding for MOOE amounting to P30.2 billion or 98.3% of the 2023 expenditure program (*see Table 3*). This is followed by the budget for Personal Services (PS) at P511.2 million or 1.7%. The decline in the 2023 expenditure program is largely due to the P1.8 billion decrease in the MOOE funding. This reduction in MOOE allocation was also seen in its approved level for 2022 which was P24.3 billion lower than 2021. Moreover, CHED also will not receive any CO funding for 2023.

TABLE 3
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023
(AMOUNTS IN MILLION PESOS)

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
PS	496.9	484.0	511.2	0.9	1.5	1.7
MOOE	56,398.3	32,059.0	30,223.4	99.0	97.9	98.3
CO	71.0	208.9	-	0.1	0.6	-
Fin Ex	-	-	-	-	-	-
TOTAL Department	56,966.2	32,751.8	30,734.6	100.0	100.0	100.0

Source of basic data: FY 2023 BESF

¹ Higher Education Act of 1994

3.3 Table 4 presents the summary of unfilled positions in CHED for years 2019 to 2023. Out of the 680 authorized positions, 140 positions remain unfilled in 2022 (or 20.6% of total authorized positions). This is a slight improvement from the number of unfilled positions in 2020 at 144 and 2021 at 147. This also breaks the trend of increasing unfilled positions from 2019.

**TABLE 4
UNFILLED POSITIONS, 2019-2023**

Year	Authorized Positions	Unfilled Positions
2019	675	127
2020	675	144
2021	675	147
2022	680	140
2023	680	140

Source: FY 2021-2023 Staffing Summary

IV. NEW APPROPRIATIONS

4.1 The bulk of CHED's proposed new appropriations amounting to P29.9 billion will go to Operations (P29.8 billion or 99.5%) for programs directly relating to the core mandate of the Commission (*see Table 5*). This is followed by allocations to General Administration and Support (GAS) at P122.4 million (or 0.4%) for the administrative management and operational support to agency operations. Finally, the Support to Operations (STO) will receive P14.1 million for expenses on staff or technical support needed for operations that does not directly produce goods or services to the agency's client group. Composition by cost structure has not changed, and increase in new appropriations will mainly go to CHED's Operations.

**TABLE 5
NEW APPROPRIATIONS BY COST STRUCTURE, FY 2021-2023**

Agency	Amounts (In Million Pesos)			Share to Total Department (%)		
	2021	2022	2023	2021	2022	2023
General Administration and Support	106.8	115.2	122.4	0.2	0.4	0.4
Support to Operations	9.2	12.1	14.1	0.0	0.0	0.0
Operations	50,389.7	31,557.3	29,756.4	99.8	99.6	99.5
TOTAL	50,505.7	31,684.5	29,892.9	100.0	100.0	100.0

Note: Totals may not add up due to rounding off.
Sources of basic data: GAA 2021-2022, NEP 2023

4.2 Table 6 presents the allocation for CHED programs and select sub-programs under its proposed Operations budget amounting to P29.8 billion. The Higher Education Development Program (HEDP) accounts for 98.5% (P29.3 billion) of CHED's total funding for Operations, while the remaining 1.5% (P457.9 million) will go to the Higher Education Regulation Program (HERP). Sub-programs under the HERP will see increased new appropriations from their 2022 approved levels

TABLE 6
SUMMARY OF PROGRAMS FOR 2021-2023

Program	Amount (In Million Pesos)			% Share to Total Program			Growth Rates 22-23 (%)
	2021	2022	2023	2021	2022	2023	
Higher Education Development Program	49,961.8	31,120.3	29,298.6	99.2	98.6	98.5	(5.9)
<i>Of which:</i> Universal Access to Quality Tertiary Education	44,287.9	26,329.0	25,758.2	87.9	83.4	86.6	(2.2)
Provision of assistance and incentives, scholarships and grants through Student Financial Assistance Programs	1,696.9	1,821.9	1,516.9	3.4	5.8	5.1	(16.7)
Financial Assistance for Post Graduate Students	1,505.0	1,505.0	1,505.0	3.0	4.8	5.1	-
Higher Education Regulation Program	427.9	437.0	457.9	0.8	1.4	1.5	4.8
<i>Of which:</i> Monitoring and evaluation of performance of higher education programs	318.7	326.2	344.0	0.6	1.0	1.2	5.4
Development of standards of excellence for higher education programs and institutions	87.9	86.7	95.8	0.2	0.3	0.3	10.5
TOTAL OPERATIONS	50,389.7	31,557.3	29,756.4	100.0	100.0	100.0	(5.7)

*Note: Allocations for programs and total operations are inclusive of locally-funded and foreign-assisted projects.
Source: GAA 2021-2022 and NEP 2023*

- 4.3 Under the HEDP, the Universal Access to Quality Tertiary Education (UAQTE) is CHED's biggest sub-program and is proposed to be allocated with P25.8 billion, a reduction of 2.2% from the current year's approved funding of P26.3 billion. There is also a steep decline between the 2021 actual and 2022 approved appropriations for the program. According to CHED, lower proposed budget in the NEP can be attributed to the automatic download of funds to the State Universities and Colleges (SUCs) which transfers the placement of the appropriations from CHED directly to the SUC budgets in the NEP. The UAQTE is the Commission's program intended to provide free quality tertiary education and can be further broken down into three components: Free Higher Education (FHE), Tertiary Education Subsidy (TES), and Student Loan Program (SLP).
- 4.4 Following the UAQTE in size are the allocations for the Student Financial Assistance Programs (StuFAPs) and the Financial Assistance for Post Graduate Students (FAPGS) both amounting P1.5 billion. The budget for StuFAPs also declined from P1.8 billion in 2022. Conversely, FAPGS funding was maintained at the 2022 approved level.

V. PERFORMANCE REVIEW

- 5.1 The Obligation-Appropriations Ratio (OAR) is a measure of how efficient the agencies are in the utilization of their appropriations. The Commission was able to further improve its utilization performance in 2021 with an increase in OAR from 82.1% to 91.4% (see Table 7). This also means that CHED was able to greatly reduce its unused appropriations from P40.7 billion in 2019 down to P5.4 billion in 2021.

TABLE 7
OBLIGATION-APPROPRIATIONS RATIO
AND UNUSED APPROPRIATIONS, 2019-2021

Year	Obligation-Appropriations Ratio (%)	Unused Appropriations (In Million Pesos)
2019	45.3	40,724.7
2020	82.1	13,068.1
2021	91.4	5,355.0

Sources of basic data: NEP 2021- 2023

- 5.2 Disbursements refer to the actual payment for budgetary obligations (BESF, 2022). Both appropriation and disbursement amounts of CHED went down in 2021 (*see Table 8*). The disbursement rate at 61.3% was slightly lower than the 2020 level by 1.6 percentage points. Although slightly lower, overall disbursement rate is still a huge improvement from the 2019 disbursement rate of 39.0%

TABLE 8
DISBURSEMENT RATE, 2019-2021
(AMOUNTS IN MILLION PESOS)

Particulars	2019	2020	2021
Appropriations	74,393.1	73,033.4	62,321.3
Disbursements	29,025.8	45,942.2	38,223.7
Disbursement Rate (%)	39.0	62.9	61.3

a/ Disbursement rate – ratio of disbursements to appropriations
Source: 2019-2021 SAAODB, DBM

- 5.3 Table 9 presents the budget utilization of CHED’s major programs and some of its sub-programs in 2021. The Higher Education Regulation Program posted a relatively high OAR and disbursement rate of 86.8% and 83.8%, respectively. Aligned with the high program utilization rates, the program’s biggest sub-program on the monitoring and evaluation of HEIs was able to report an obligation rate of 97.7% and a disbursement rate of 96.2%. On the other hand, its other big sub-program on the development of standards of the HEIs was only able to obligate 59.2% and disburse 52.0% of its appropriations. Unobligated funding was due to the cancelled hybrid trainings, seminars and consultations in accordance to imposed COVID-19 restrictions. Financial grants for identified HEIs under the program were not given due to lack of submitted requirements from 20 HEIs (COA, 2022).
- 5.4 The HEDP, which is CHED’s biggest program, reported a relatively high OAR of 91.3% but a low disbursement rate of 62.1%. This trend was largely driven by the budget utilization of UAQTE, which, despite reporting the highest OAR among sub-programs at 98.9%, its disbursement rate just reached 65.9%. According to CHED, the relatively low disbursement rate was caused by timings on the administrative process on the release of cash allocations to the state and local universities and colleges, as well as the timing of the second semester enrollment of the HEIs. Note that under the cash-based budgeting system, the agencies are allowed to spend their GAA budget until the first quarter of the following year.

TABLE 9
BUDGET UTILIZATION BY MAJOR PROGRAM, 2021
(AMOUNTS IN MILLION PESOS)

Program/Implementing Agency	Appropriations	Obligations	Disbursements	Obligation Rate (%) ^{a/}	Disbursement Rate (%) ^{b/}
Higher Education Regulation Program	496.1	430.7	415.8	86.8	83.8
<i>Of which:</i> Monitoring and evaluation of performance of higher education	321.0	313.6	308.7	97.7	96.2
Development of standards of excellence for higher education programs and institutions	125.6	74.3	65.3	59.2	52.0
Higher Education Development Program	60,335.7	55,081.6	37,468.3	91.3	62.1
<i>Of which:</i> Provision of assistance of HEIs for K to 12 Transition Programs	1,088.3	677.6	663.0	62.3	60.9
Provision of assistance and incentives, scholarships and grants through Student Financial Assistance Programs (StuFAPs)	1,715.6	1,536.2	1,026.3	89.5	59.8
Provision of scholarship to faculty HEI and administrators	1,132.2	229.2	126.0	20.2	11.1
Universal Access to Quality Tertiary Education	50,648.3	50,068.8	33,372.8	98.9	65.9
Financial Assistance for Post Graduate Students	1,505.0	57.9	43.1	3.8	2.9

a/ Obligation rate – ratio of obligations to appropriations

b/ Disbursement rate – ratio of disbursements to appropriations

Source: 2020 SAAODB (FAR No. 1 in Transparency Seal: GAA Fund 01)

- 5.5 Similarly, funds for StuFAPs had a relatively high obligation rate (89.5%), but only disbursed 59.8% of the appropriated funds. The CHED Scholarship Program and Grants-in-Aid Program account for P60.1 million of the unobligated funding for StuFAPs. Unused funds from these programs were due to the discrepancies in the submitted documents from the CHED Regional Offices (ROs) (COA,2022).
- 5.6 Scholarships for sugarcane farmers reported P11.2 million unutilized allocations due to failure to enroll of 28 ongoing scholars and dropping of one. Moreover, nine new slots were not filled per the recommendation of the Sugar Regulation Authority while fundings for two filled slots were not requested by the ROs. Finally, the P12.8 million budget for Tulong Agri program was not used since there were no funding request from the concerned CHED ROs (COA, 2022).
- 5.7 The K to 12 Transition Assistance Program did not perform well in terms of budget utilization, reporting an obligation rate of 62.3% and a disbursement rate of 60.9%. Although fairly low, this is a huge improvement from 2020 where the program posted a disbursement rate of below 1% that was due to the late submission and slow vetting of the proposals from the HEIs. This implies an improvement in the vetting process of the HEIs' transition program proposals. According to the Enhanced Basic Education Act of 2013, 2021 was the last year in the transition period in implementing the K to 12 system. This means that this is the last year of implementation for the programs related to this law, the

Provision of Assistance of HEIs for K to 12 Transition Programs and the Provision of Scholarship to Faculty HEI and Administrators.

- 5.8 Finally, CHED's scholarship and financial assistance programs for HEI faculty and administrators, and post-graduate students posted very low utilization rates. Scholarships to HEI staff posted an obligation rate of 20.2% and a disbursement rate of 11.1% while scholarships to post-graduate students reported lower rates, obligating 3.8% and disbursing 2.9% of its adjusted appropriations.
- 5.9 The Commission cited that the small number of application approvals for the grants (918 approved from 2,157 applications in 2021) is likely caused by the difficulties of applicants to gather all the needed documents. The difficulty to comply and submit admission requirements on time was exacerbated by the pandemic since HEIs were on skeleton workforce. Aside from the lack in the submitted documentary requirements, CHED also mentioned that they need to ensure that prospective scholars are able to complete their chosen degree programs before approving their applications.
- 5.10 The Commission has specified that the low utilization rates in multiple programs, particularly the financial assistance programs, are either due to the late submission of documents, difficulty in gathering required documents or the slow processing of documents. This might imply the need to review and streamline the requirements and process of these programs to reduce implementation inefficiencies and maximize their perceived benefits and effects.
- 5.11 In terms of the performance indicators of its programs as presented in Table 10, the Commission was able to surpass all of its 2021 targets except for its target number of faculty members provided with faculty development grants. The programs measured under this indicator are the 'Provision of scholarship to faculty HEI and administrators' and the 'Financial Assistance for Post Graduate Students'. With the programs' low utilization rates, it was only able to award 18% of its target grants or 1,165 grants from the target 6,343 grants. CHED has expressed its commitment to increase these numbers in 2022².
- 5.12 Despite its good performance in most of its performance indicators, a majority of the 2023 targets for CHED are only at par or even lower than the 2022 and 2021 target levels. The Commission may consider increasing their targets to inspire further improvement of its already notable accomplishments.

² Email query to the Local Graduate Scholarships Office

TABLE 10
PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023

Program	2021		2022 Target	2023 Target
	Target	Actual		
Higher Education Development Program				
Outcome Indicators				
Percentage of tertiary graduates in science, engineering, manufacturing and construction	38% (76,000/200,000)	42% (212,750/506,264)	40% (203,000/506,204)	40% (216,000/540,000)
Number and percentage increase of government industry-academe collaboration/cooperation on research and innovation projects and joint ventures, consultancy contracts and supervisory-faculty exchange.	115 (18%) (21/115)	170 (32%) (55/170)	115 (18%) (21/115)	225 (32%) (72/225)
Percentage of scholarship grantees from CHED completing their courses in priority programs	80% (1,782/2,228)	91.95% (2,091/2,274)	80% (1,325/1,657)	91.77% (21,742/23,691)
Output Indicators				
Number of scholarship and student grants awarded.	44,115	44,316	58,025	24,170
Number of faculty members provided with faculty development grants.	6,343	1,165	2,300	2,300
Number of research, development and innovation project proposals funded.	130	238	100	130
Higher Education Regulation Program				
Outcome Indicators				
Percentage of Higher Education Institutions (HEIs) with Centers of Excellence, Center for Development, with recognized flagship program, with Autonomous or Deregulated status, or with Level III or Level IV accredited programs.	18% (424/2,343)	18.66% (445/2,385)	18% (424/2,343)	18% (424/2,343)
Percentage increase of higher education graduates able to demonstrate excellence in the 21st century global knowledge economy.	5% (24,000/480,000)	5% (26,264/506,264)	6% (46,120/765,000)	6% (36,000/540,000)
Percentage of HEIs is subjected to reform.	13% (248/1,906)	22% (432/1,965)	13% (256/1,975)	20% (400/1,975)
Output Indicators				
Number and percentage of public and private HEIs visited/inspected/subjected to standards.	1,200 (62%) (1,200/1,935)	1,277 (65%) (1,277/1,965)	1,200 (61%) (1,200/1,975)	1,250 (64%) (1,250/1,965)
Percentage of HEIs given incentives for offering quality higher education programs.	12% (282/2,353)	12% (298/2,385)	12% (282/2,396)	12% (282/2,396)
Percentage of permits issued within the prescribed period.	25% (250/1,000)	27% (150/562)	30% (300/1,000)	30% (300/1,000)

Source: NEP 2023

VI. COA FINDINGS AND RECOMMENDATIONS

- 6.1 Pursuant to its constitutional mandate, the Commission on Audit (COA) submits an Annual Audit Report (AAR) to the President and to Congress on the financial condition and operation of government agencies and local government units.
- 6.2 Table 11 reports the status of implementation of audit recommendations to CHED for 2020 and prior years (as contained in the 2021 AAR). As of December 2021, CHED was only able to comply with 116 of the 262 audit recommendations. This means that CHED was not able to implement more than half of the COA recommendations.

TABLE II
STATUS OF IMPLEMENTATION OF COA RECOMMENDATIONS
(AS OF 31 DECEMBER 2021)

Particulars	Number of Recommendations	Share to Total (%)
Implemented	116	44.3
Not Implemented	146	55.7
TOTAL	262	100.0

Source: 2021 Annual Audit Report (Part 3)

6.3 Part of the 116 unimplemented audit recommendations pertains to effecting the necessary changes in unreliable accounting records, late utilization reports, and unliquidated funds. They also touch on procedural deficiencies and implementation gaps on some of the major programs of the Commission, such as:

- *Higher Education Development Fund (HEDF)*. HEDF seed capital and other related funds totaling P387.9 million remained unutilized and unaccounted for at least 7 to 15 years (as of December 2020.) The failure to utilize the fund delays any benefits intended for its beneficiaries. CHED has yet to formulate plans and programs to maximize the seed capital and has failed to remit to the National Treasury the interest income from the fund.
- *Study Now Pay Later Program (SNPLP), Student Assistance for Education (SAFE) Loan Program, and other HEI-based loan programs*. Weak monitoring and collection systems resulted in low utilization and large unpaid balances in a number of CHED’s loan programs (as first reported in the CY 2017 AAR). Recommended measures to update loan databases, strengthen collection efforts of loan repayments and idle loan funds, and impose appropriate actions towards defaulting borrowers and HEIs have not been implemented by the agency.

6.4 COA raised audit observations in 2021 on similar major activities of CHED:

- *Smart Campus Development Program (SCDP)*. The SCDP was part of the Bayanihan 2 intended to help SUCs become more future-ready through projects that will help improve their connectivity. Despite the urgent nature of the Bayanihan bills, COA found that CHED and 89 SUCs were not able to implement the SCDP within the extended validity period of the Bayanihan 2 allocation. The lengthy selection and approval process of the SUC’s project proposals were seen to contribute to the delay of the implementation of projects. The failure to implement the program deprived the SUCs of the opportunity to develop and upgrade the ICT equipment and capabilities. The unutilized allocation transferred to the 89 SUCs amounting to almost P2.0 billion have not yet been reverted back to the National Treasury.

Additionally, the Commission was also not able to procure the 20,000 mid-range laptops that were a part of the program. With a funding of P1.04 billion, the laptops were not procured due to poor planning and administrative disagreements

between CHED and the DBM procurement service. These caused the validity of the appropriation to lapse without purchasing the laptops that were to be used by the SUC faculty members as a means to adapt to the flexible learning implemented amid the pandemic.

- *Tertiary Education Subsidy (TES)*. COA reported gaps in the execution of the program such as the delay in the release of financial benefits to student-grantees amounting to P1.03 billion in CHED-Regional Office IX. An overpayment worth P4.4 million was made due to doubled scholarship grants for 338 students in ROs II and V. A payment amounting to P420,000 to 14 grantees not in the TES master list was also noted in RO V. Incomplete documents for the liquidation of funds as well as duplicate names in the TES master list were also observed by COA. Further, P220 million intended for TES grantees remained unutilized by CHED-RO NCR due to a delay in the release of implementing guidelines and late submission of required documents by the grantees and HEIs. This affected the timely release of the grants.
- *Student Financial Assistance Program (StuFAP)*. Implementation deficiencies were found such as: (1) delays in the release of financial assistance for scholars and stale unclaimed checks totaling to P3.1 million for 393 scholars in RO I, (2) lack of MOA, documents and liquidation reports for grants with an aggregate amount of P61.6 million, and (3) inconsistencies between the master list and the payroll for payment as well as duplication of benefits in RO XIII.

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