

Rationalizing Education Subsidy for Public- Private Complementarity: *Some Reflections*

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Four Reflections



Reflection 1: The authoritative operationalization of the public–private complementarity principle as premise for rationalizing education subsidies



Reflection 2: Government's historical vacillation toward the private education sector as reflected in the current state of complementarity



Reflection 3: Rationalizing education subsidies: forms of enhanced complementation beyond Vouchers, Tuition Subsidies and Scholarships



Reflection 4: *Quo vadis* complementarity and the future of rationalized education subsidies?

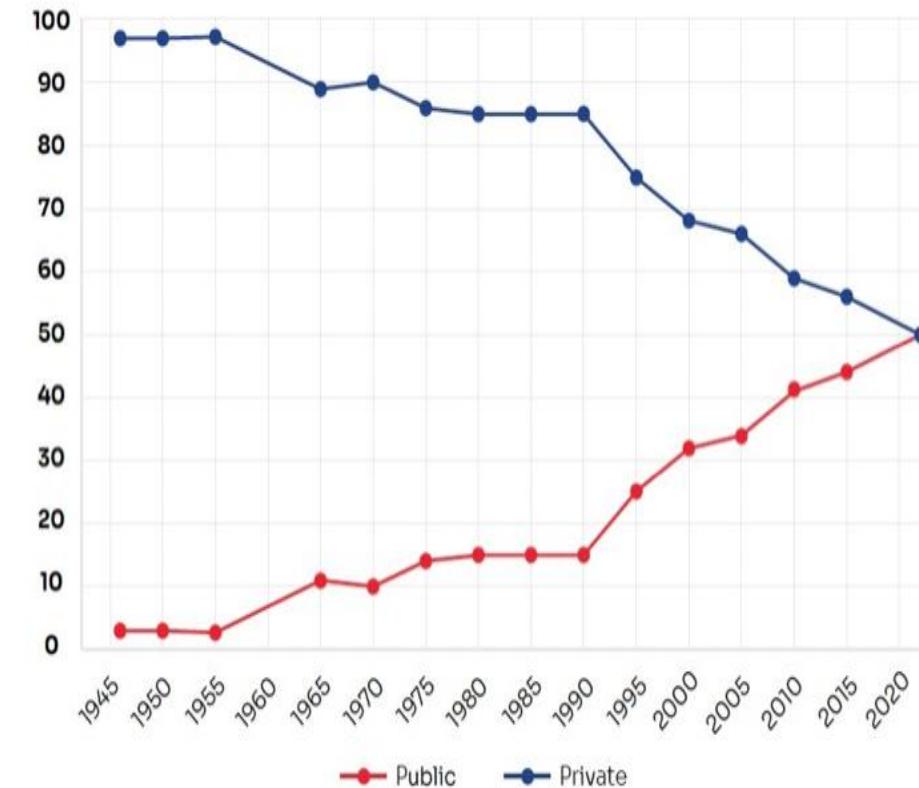
Reflection 1:

The authoritative operationalization of the public-private complementarity principle as premise for rationalizing education subsidies

An undefined principle of complementarity fueled a private education crisis (EDCOM II Year II Report p. 330)

- Declining enrollments due to the migration of students to public HEIs exacerbated by the introduction of free tuition;
- The migration of teachers to the public sector in pursuit of higher salaries and retirement benefits under successive Salary Standardization Laws; and
- The financial disruptions of the K to 12 transition.

Philippine Enrollment Share by Private vs. Public Providers



Source: Yee (2022)

Source: Figure 2 of the Higher Education Chapter of the EDCOM II Year 1 Report.

Evolution of the UNIFAST Idea

From

A mechanism for consolidating (and rationalizing) all government scholarships – towards scholarships for the meritorious, grants-in-aid for the financially-challenged and loans for students regardless of type of Tertiary Institution attended

To

Free tuition (and miscellaneous) fees for students in SUCs and eligible LUCs

+

The Tertiary Education Subsidy for eligible financially disadvantaged students in public and private tertiary institutions

Why an Authoritative Articulation of the Complementarity Principle Is Essential

The Philippines has a public-private education ecosystem, yet the complementarity principle remains insufficiently articulated, weakly institutionalized, and inconsistently operationalized.

Without an authoritative articulation—one that clearly defines the roles of government and the diverse types of public and private HEIs—**rationalizing education subsidies** loses coherence and traction.

Consequences of Lacking an Authoritative Articulation of Complementarity

- A bureaucratic mindset that views the education system as only public HEIs and DepEd schools
- Complementarity sidelined in policy debates across basic and higher education
- Government resources and attention concentrated on public institutions at the expense of private education
- Laws and policies that inadvertently marginalize private providers
- Missed opportunities to leverage the comparative strengths of both sectors as partners

A First Approximation Articulation:

Public-private complementarity is the constitutionally mandated principle that public and private educational institutions jointly advance national education goals by performing differentiated yet mutually reinforcing roles.

It envisions a coordinated system where governance, financing, and quality assurance are aligned to:

- mobilize the strengths of both sectors,
- broaden meaningful student choice, and
- ensure equitable access to high-quality programs.

A key component of complementarity is **student choice**, which enables learners – particularly those from disadvantaged backgrounds – to access programs that best meet their needs, whether offered by public or private institutions.



When effectively operationalized, it positions both sectors as co-producers of national development and stewards of a more equitable, efficient, and high-quality education system.

Public-Private Complementarity: Key Elements



CONSTITUTIONAL
PRINCIPLE



SYSTEM-LEVEL
ORIENTATION



QUALITY
ASSURANCE
ALIGNMENT



EQUITABLE
FINANCING



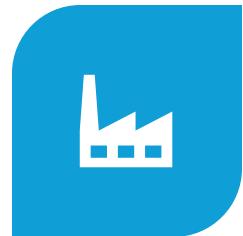
STUDENT CHOICE
AS A CORE
MECHANISM



INFORMATION
SYSTEMS FOR
INFORMED CHOICE



LEARNER-CENTERED
ECOSYSTEM



CO-PRODUCTION OF
NATIONAL
DEVELOPMENT

Reflection 2:

Government's Historical Vacillation and the Current State of Complementarity

Mixed Stance Toward the Private Education Sector

The 1987 Constitution mandates complementary roles for public and private institutions, but how these roles should be balanced remains unresolved.

A coherent operational framework for differentiating roles and rationalizing program offerings – especially in higher education – has never been fully developed.

As Generalao and David (2022) note, the lack of clear guidelines and mechanisms continues to hinder the systemic operationalization of complementarity.

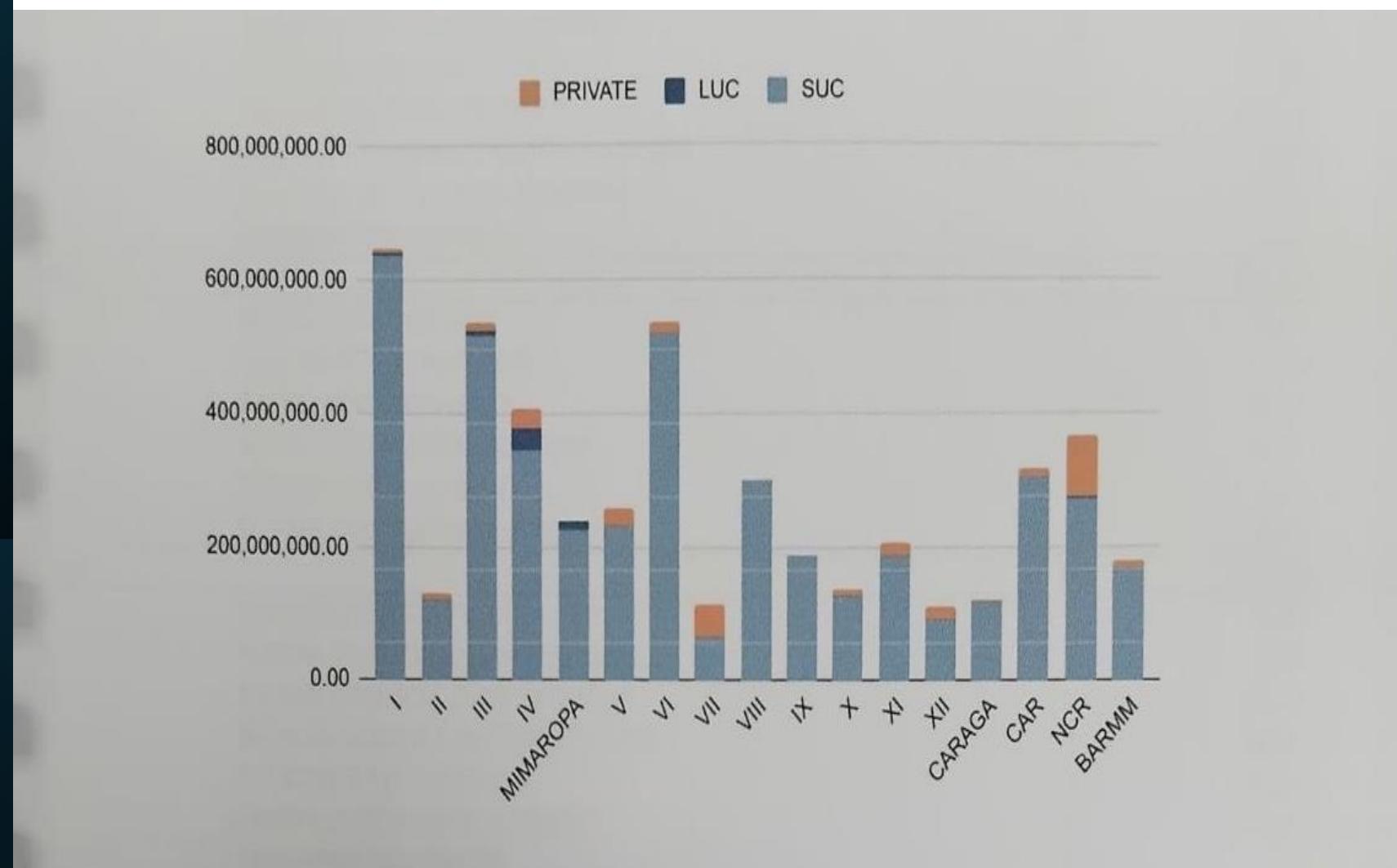
Inconsistent Agency Practices on Complementarity

TESDA generally avoids competing with private TVET providers, but overlaps still occur when public institutions respond to local program demands.

CHED notes that many SUCs now compete with private HEIs, having expanded beyond their original mandates into comprehensive program offerings.

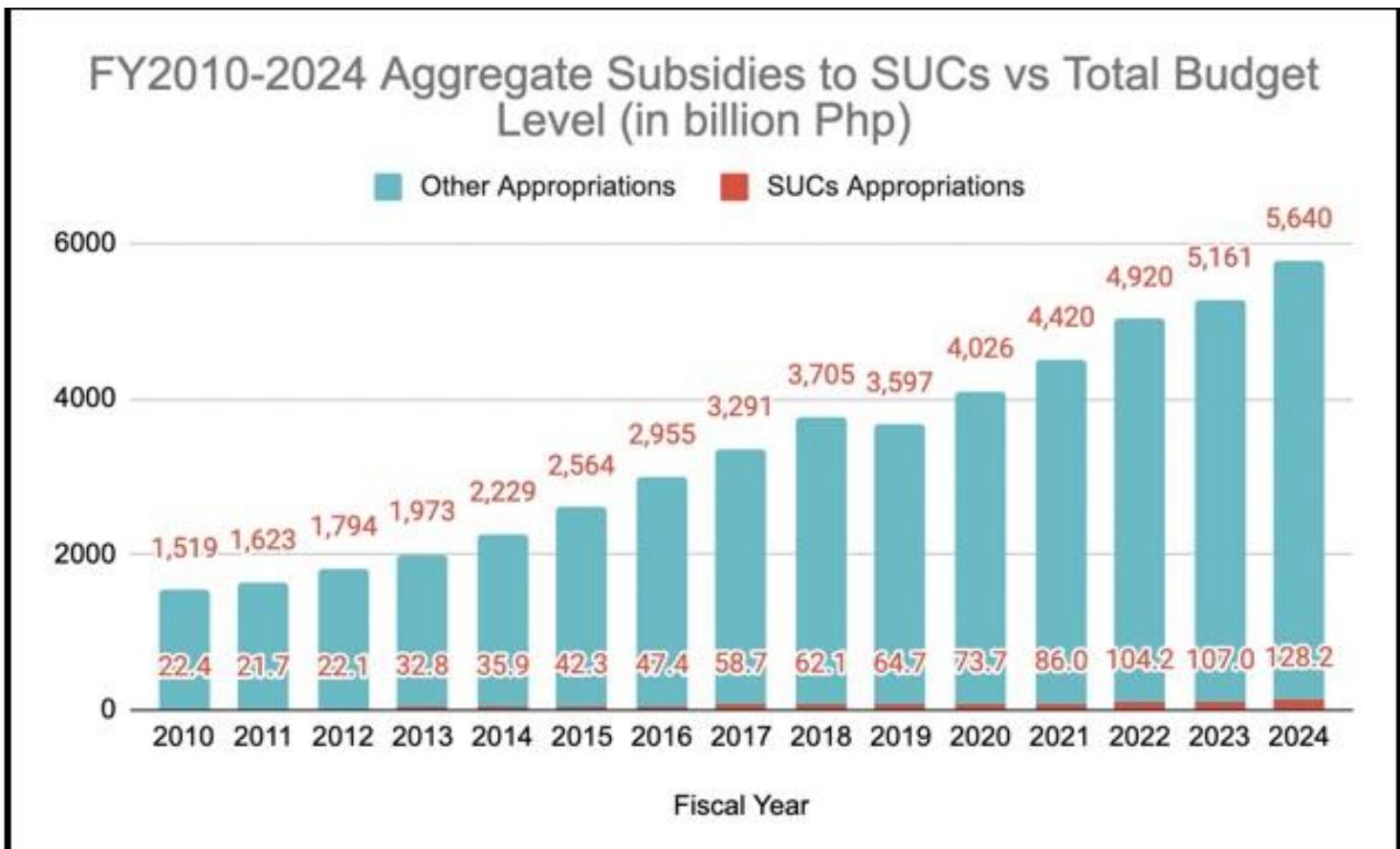
Indicative Higher Education Subsidies

Indicative Distribution of Various Grants to HEIs from the Higher Education Development Fund by Type (2018-March 2025)



Source: CHED HEDF [Note: for validation and not for dissemination]

Indicative Higher Education Subsidies



Source: Suzara, N. A Fiscal Overview of Higher Education Budgets in the General Appropriations Fund and the Higher Education Development Fund from Fiscal Years 2010-2024. Report Findings shared in the 4th Session in the FEU Public Policy Center Series on Regulation of Higher Education, 29 October 2025

DepED's more explicit Complementation Policy as one of its Core Governance Strategies

Education Service Contracting

Senior High School Vouchers

Possible accommodation of “aisle” learners in private schools

Reflection 3:

Rationalizing Education Subsidies: Enhanced Forms of Complementarity Beyond Vouchers and Tuition Support

Why an Authoritative Articulation of Complementarity Matters in Rationalizing Subsidies

Clarifies responsibilities and enables unified planning—allowing subsidies, budgets, and incentives to be aligned with system-level goals.

Shifts government planning toward strategic school and program expansion based on demographics, demand, local priorities, and public–private capacity.

Supports joint education mapping across national, regional, and provincial levels to prevent oversupply and duplication.

Examples of Direct or Indirect Subsidies and Incentives

- **Targeted subsidies** for program expansion in priority fields (e.g., STEM, teacher education, agriculture, maritime, health) where public or private institutions can best meet unmet demand.
- **Incentives for SUCs** that focus on their mandates and avoid duplicating programs already offered by nearby private institutions.
- **Subsidies for private HEIs** offering high-quality, high-cost programs aligned with national development priorities, especially where public capacity is limited.

Examples of Direct or Indirect Subsidies and Incentives

- **Shared infrastructure arrangements** – subsidized or co-financed labs, training centers, and learning hubs jointly used by public and private learners.
- **Grants-in-aid and cross-enrollment support**, allowing students to take specialized courses in the institution best equipped to deliver them.
- **Performance-based incentives** tied to outcomes such as graduation rates, licensure results, labor-market alignment, and delivery of ladderized or work-integrated programs.

Possible Forms of Government Subsidized Partnerships

Management arrangements under other Public-Private Partnership models

- **Publicly owned but independently run schools or colleges** hosted within private higher education institutions (drawing from international models such as contract colleges at Cornell University)
- **Leasing or shared-use arrangements** that allow institutions to expand program offerings without duplicating costly infrastructure

Reflection 4:

Quo vadis complementarity and the future of
rationalized education subsidies?

Charting the Next Phase of Complementarity: Directions for Rationalized Subsidies

Imperatives:

- Articulate complementarity at the system level authoritatively
- Move from sectoral patches to a whole-of-system approach
- Integrate financing with quality assurance and governance reforms
- Eventually align subsidies with pathways, mobility mechanisms, and labor intelligence and the PQF and PSF evolve
- Effect a mindset shift in how the government sees private education.

A large, colorful word cloud centered around the words 'thank you' in various languages. The word 'thank' is in red, 'you' is in yellow, and 'you' is in green. Surrounding these are numerous other words in different languages, each with its phonetic transcription and sometimes a small image or icon. The languages include German (danke), Chinese (謝謝), French (merci), Spanish (gracias), English (thank you), Italian (grazie), Portuguese (obrigado), Polish (dziękuje), Russian (спасибо), Turkish (teşekkür ederim), and many others. The background is a light beige, and the overall effect is a vibrant, international celebration of gratitude.