

CHAPTER IV

Organizing for Assistance



The American Note of June 11, 1968 required of the Philippine Government the simultaneous creation of the Private Education Assistance Committee (PEAC) and constitution of the Fund as a permanent trust, as well as the issuance of an irrevocable trust deed preliminary to the onset of Fund operations. Anticipating its designation as the Fund's investment manager, since it was already handling the \$3.5 million trust fund of the Cultural Center of the Philippines, BANCOM Development Corporation moved fast and prepared drafts of an executive order and irrevocable trust deed, which government lawyers used as the bases of a comprehensive draft Executive Order.¹ Copies of the latter were furnished COCOPEA officials and BANCOM for their reactions.

COCOPEA and BANCOM submitted almost identical comments and observations, albeit to different government officials: COCOPEA to NEC Chairman Eduardo Z. Romualdez and BANCOM to Education Secretary

O.D. Corpuz.² Both maintained that a separate irrevocable trust deed was absolutely necessary, pursuant to the terms of the American Note; corollarily, changes in the title and text of the executive order should be made to reflect the existence of the trust deed. They took strong exception to limiting the choice of an investment and financial management consultant to DBP and similar government institutions, preferring that this be left instead to PEAC's discretion; this, they also pointed out, would be more in harmony with the flexible intent of the Project Agreement annexed to the American Note.³ Last but not least, they insisted that PEAC be the "Trustee", and not just the "Administrator", of the Fund.

It turned out that the issuance of the permanent and irrevocable trust deed was not permissible under Philippine laws. Hence, it was necessary to amend the Project Agreement through another exchange of notes on October 18, 1968.⁴ A separate trust deed was

no longer necessary; obviously, the government lawyers had done their homework before drafting the all-embracing executive order. In any case, this draft would be refined to incorporate most of COCOPEA's comments and suggestions (as had been done in the case of the Project Agreement) as well as those of BANCOM's — which were happily identical to COCOPEA's — and issued by President Marcos as Executive Order No. 156 on November 5, 1968.⁵

PEAC now had a formal charter, describing the nature and purpose of the Fund entrusted to it, and defining its mandate, powers and responsibilities. It could now proceed with operations.

But first, a brief mention of the significant provisions of Executive Order No. 156. Some of these were drawn from, while others were amplifications of, the Project Agreement and the Exchange of Notes of June 11, 1968.

Executive Order No. 156 constituted the \$6.5 million (or its peso equivalent) as an "irrevocable trust fund", only the earnings of which were to be used for programs of assistance to private education, including extension of loans, but "excluding any support of religious worship or instruction". To ensure the Fund's "enduring character" and consistent with its nature as a "perpetual trust", it was stipulated that the Fund's principal may be "augmented by grants, donations and other lawful transfers by the [Philippine] Government ... or by other public or private entity," or by the capitalization of unused earnings of the Fund.⁶ Executive Order No. 156 also enjoined PEAC, as trustee, "to refrain from committing funds for programs of assistance to private education in excess of ninety per cent (90%) of such net earnings," in order to provide a "hedge" against the impairment of the trust fund.

To serve not merely as administrator but as "trustee" of the Fund and in that capacity set investment policy, establish priorities among project areas, decide on individual grants,⁷ and "to make all decisions on the Fund's income and capital gains," PEAC was created, to be composed of the Secretary of Education (now the Minister of Education and Culture), or his representative, as Chairman; and one representative each from the National Economic Council (now the National Economic and Development Authority) and the three educational associations then enjoying representation (but not now) in the Board of National Education (now the National Board of Education), viz.: ACSC, CEAP and PACU — in effect, the COCOPEA.⁸ Although the latter three constituted a majority of the PEAC, they were to be prevented from imposing their views on the two government representatives or from doing something reckless as to endanger the Fund's operations and finances, by the stipulation that all PEAC decisions "shall be made with the concurrence of the Chairman." This gave the Secretary of Education as PEAC Chairman a "veto power", similar to that enjoyed



by each of the permanent members — the "Big Five" — of the United Nations Security Council: he is the "Big One" of PEAC.⁹

A. PEAC Is Organized

It was nine o'clock in the morning of Wednesday, November 20, 1968, in the Office of the Secretary of Education on Arroceros Street, Manila, when Dr. Corpuz called the meeting to order. At his request, the others in attendance presented documents showing that they were the rightful representatives of their respective offices and associations. PEAC was then formally "constituted".¹⁰

The meeting was brief, having lasted no more than eighty minutes. But it was to be followed thereafter by weekly meetings during the remainder of 1968 and most of the succeeding year, thus irreversibly launching FAPE.

Today, FAPE can look back with exhilaration and nostalgia to that momentous meeting which marked the beginning of its multi-dimensional program of educational services to the nation and, especially, to private education.

The original members of PEAC, and therefore, FAPE's "Founding Fathers", were: Dr. Onofre D. Corpuz,

who as Secretary of Education was the Chairman; Atty. Nicanor Y. Fuentes of NEC, who was elected Vice-Chairman in December, 1968;¹¹ Dr. Arturo M. Guerrero of ACSC; Dr. Waldo S. Perfecto of CEAP; and Mr. Armand V. Fabella of PACU.

Mr. Horacio R. Morales, Jr., of the Presidential Economic Staff (PES) but at the time detailed as Special Assistant to the Secretary of Education, was informally designated as Secretary of the Committee during the first meeting; he was formally named as such during the next.¹²

Six months after its first meeting, PEAC was asked by the Office of the President to comment on the request of the Philippine Muslim Educational Institutions (PMEI) for the inclusion of a Muslim representative in the Committee.¹³ PEAC deferred action on the request at that time. It took the same action a month later; that was the last time PEAC took cognizance of the matter.¹⁴

Until September, 1969, PEAC was both the trustee of the Fund and, with its staff, the implementor of its own policies and programs. As the latter, it adopted the official name of FAPE;¹⁵ however, PEAC retained its original name — consonant with its charter and the Project Agreement — as Trustee of the Fund and as a policy-making body, i.e., its members constitute the board of trustees of FAPE as an organization.

To facilitate its work, especially during the initial period, PEAC created the following special committees (actually sub-committees): Education, Economics and Finance, and Administration and Organization. Dr. Perfecto, then Academic Vice-President of De La Salle College (now a university), was Co-Chairman of the Committee on Education with Dr. Guerrero, President of Trinity College and former U.P. Registrar and Dean of Student Affairs;¹⁶ Atty. Fuentes, then Acting Assistant Director of NEC, headed the Committee on Administration and Organization; while Mr. Fabella, an organizational expert and noted economist (he had been NEC



Chairman), was Chairman of the pivotal Committee on Economics and Finance.¹⁷

No better choices could have been: the Committee Chairmen were exceptionally qualified for their respective assignments as well as possessing overlapping, hence reinforcing, competencies. And backstopping them was PEAC's scholarly Chairman, who had experience in all the Committees' work areas: a respected authority on public administration and Philippine history, co-author of a textbook on economics and development, and, of course, Secretary of Education. And not the least, with the exception of one, all the original members of PEAC were relatively young men — in their late thirties or early forties. So was the Committee's Secretary and head of its staff. They were the right men to translate a vision into operational reality. FAPE could not have been more fortunate.

FAPE has been equally fortunate in that there have been very few changes in PEAC's membership during the past ten years; in fact, two of the original members have been in that body since its founding: Vice-Chairman Fuentes and PACU representative Fabella.¹⁸ This has provided a measure of continuity, enabling PEAC to view its activities with the aid of hindsight and to benefit from experience.

On the other hand, the malaise of ossification has been averted by timely infusions of new blood, or new faces, into PEAC: Minister Manuel since taking over from Dr. Corpuz in 1971; Dean Marcos Herras of Adamson University (after Dr. Perfecto, also in 1971) and, following him, Fr. Miguel Ma. Varela, S.J., of CEAP in 1974; President Lino Q. Arquiza of Philippine Christian University (after Dr. Guerrero) of ACSC in 1978 — all well-known figures in the field of education and deeply committed to the cause of a better private education system and one responsive to national needs.

Not to be overlooked is the fact that the two current top executives of FAPE — President Felipe and Vice-President Arcelo who both sit at meetings of PEAC, the latter as its Secretary — have spent a decade, or almost so, of their vigorous years with FAPE. The same holds true for Programs Director Faustino P. Quiocho, Director Amelia B. Reyes, and Investments Director Zenaida Laparan.

Public or Private Entity?

As a body composed of government officials and private citizens making decisions affecting the educational system, PEAC is not exactly unique: similar bodies, among them the former Board of National Education, have been similarly constituted. What makes PEAC unique is that it is the custodian of a government trust fund,¹⁹ the earnings of which are to be spent for the exclusive benefit of private education.

Unique or not, PEAC nevertheless felt the need to have its status, including that of its staff (i.e., FAPE), clearly defined: is it an instrumentality of the government and, as such, a public entity? Or is it a private entity?

PEAC's status had to be clarified because of its implications to: (1) the members of the Committee representing the private educational associations, and whose decisions on awards to the private schools or associations they represent may fall within the purview of the Anti-Graft Law; (2) the

qualifications and salaries of the Committee's staff; (3) the modality of procuring office supplies and equipment, and acquisition of real estate or properties; (4) its own authority to appropriate what are patently government funds; and (5) the nature of the Fund's income, capital gains and donations, i.e., whether these were taxable or not.

To assist PEAC on these issues and related matters, it appointed Atty. Ruben K. Ancheta, then Legal Officer of the PES, to serve as its Legal Advisor.²⁰ The latter suggested two possible avenues: an Executive Order and a favorable opinion of the Secretary of Justice. He preferred the latter approach, but the Committee thought that it would be better to secure an Executive Order. They decided to try both pathways, at least with respect to PEAC's staff, and to request, also, the Commissioner of Internal Revenue for his opinion on the status of the Fund. PEAC got both an Executive Order and a favorable opinion of the Secretary of Justice, as well as a categorical ruling by the Commissioner of Internal Revenue.

By virtue of Executive Order No. 163, issued on December 20, 1968, Section 3 of Executive Order No. 156 — FAPE's charter — was amended as follows: "All positions in the Committee's staff are hereby declared highly technical and/or primarily confidential in nature."²¹ This exempted PEAC's staff from the Civil Service Law and salary structure prescribed by the Wage and Position Classification Office.

The Secretary of Justice opined that PEAC "may not be considered an agency or instrumentality of the Philippine Government." As such, its members and staff are not public officers and, therefore, not covered by the Anti-Graft Law and the Civil Service Law, already academic because of Executive Order No. 163.²² In a separate opinion, the Secretary of Justice ruled that PEAC had a "juristic personality" and could make disbursements even without legislation authorizing it to do so.²³



In effect, PEAC, together with its staff, is a private entity, or enjoys the same status as one.

The Commissioner of Internal Revenue, on the other hand, expressed the view that FAPE, like the Cultural Center of the Philippines, may be regarded as an instrumentality of the Philippine Government and, therefore, tax-exempt; the Fund's earnings as well as donations to it, public or private, are likewise tax-exempt.²⁴

One could very well say, therefore, on the basis of the above, that FAPE is private for public purposes and public for private purposes.

A Unique Entity

PEAC is an even more unique entity. It is not merely a policy-making body or a governing board: it *is* an administrator. It delegated some of its executive responsibilities to the Executive Director, or to the President starting in 1971, but this did not alter the basic principle that it is both the trustee *and* administrator of FAPE as a Fund. As such, it could and has actually intervened in the administrative operations of FAPE as a bureaucracy. This unique practice derives from PEAC's organic status, defined in Executive Order No. 156, and that of its

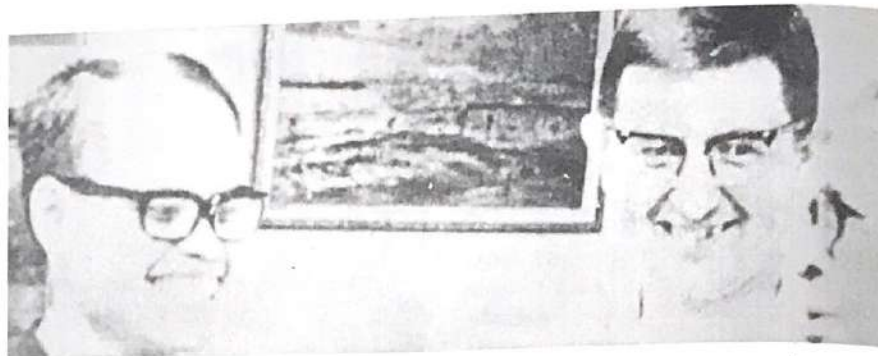
"staff", which it had created. The change in the title of the head of PEAC's staff to President in 1971 reduced the practice considerably, but it did not alter the principle of administrative intervention.

B. Investment Operations

The Exchange of Notes of June 11, 1968, the Project Agreement, and Executive Order No. 156 — all three contain solemn affirmations as to the "enduring character of the Fund," the principal of which must be kept intact, and to "operate strictly as a capital fund for investment and reinvestment ... with only the net earnings ... to be utilized for financing programs of assistance to private education ..." (Section 5 of Executive Order No. 156.)

Given its modest capital and the spectrum of programs of assistance which may have to be financed, it was expected of PEAC, as Trustee, to maximize the Fund's income. This called not only for a sound investment policy but competent financial management as well. Luckily for PEAC, it was authorized by its charter to avail itself of the services of an investment and financial manager. It was almost denied the latitude of choice, as we have seen, because the draft executive order prepared by government lawyers had identified DBP and/or similar government institutions as possible investment managers of the Fund. However, COCOPEA, no doubt supported strongly by private investment institutions, was not going to concede easily — if at all — on this point.

Fr. Fitzpatrick, a financial expert, guided COCOPEA in the search for the best qualified investment manager, i.e., one which would give the highest return for managing FAPE's trust fund. He entertained serious doubts as to the capabilities of government institutions to perform as well as, let alone better than, private financial institutions — based on his examination of their past experience and proposals for handling of trust funds²⁵ — and did not hesitate to say so to the right people at the right time. He initially had three private institutions in mind,²⁶ but later



on just one — BANCOM. The following extracts from his observations on Executive Order No. 156, solicited by then CEAP Executive Secretary Vicente de Vera,²⁷ are very revealing:

8. There is no question in my own mind that the firm that should be chosen as investment manager is BANCOM ...
9. Therefore, I strongly urge that [ACSC, CEAP and PACU] get together ... and agree on BANCOM as the investment manager.
10. Secretary Corpuz has informed us previously that if the three associations can agree on the investment manager, he would agree with this choice. If [not] ... and the vote were split, e.g., two associations for BANCOM, the other association for another ... and the NEC for the DBP, I think we can count on Secretary Corpuz to vote ... in favor of BANCOM, since he himself knows the professional level of BANCOM's services. However, I think it better not to put him in that position of casting the deciding vote in favor of a private institution over a government one.²⁸

At any rate, after stenciling the terms and conditions for investment management, in which Mr. Fabella played a leading role, PEAC invited six members of the banking and investment community — including DBP — to submit investment plans for the Fund.²⁹ The screening, which included personal interviews, was followed by the signing, on January 30, 1969, of investment management agreements with BANCOM, Far East

Bank and Trust Company (FEBTC) and Rizal Commercial Banking Corporation (RCBC).³⁰ They were entrusted with the Fund's principal in 3:2:1 ratios; not surprisingly, BANCOM got the largest share.³¹

In addition to their responsibilities as Investment Managers, the above firms were enjoined to maximize the earnings of the Fund and, above all, never to risk its impairment. They were required to make periodic reports to PEAC and to disclose any possible conflicts of interest arising out of their designations as Investment Managers of the Fund.

In May 1971, through its Investment Services Division, FAPE itself assumed investment management activities, starting with an initial House Fund of P530,000 from the undistributed portion of the principal withdrawn, ironically, from BANCOM. More importantly, FAPE's Investment Services Division is the external investment manager of the Fund for Assistance to Students (since July 1971),³² the now very large PERAA Fund (since February, 1973), Philippine Social Science Council Fund (October, 1973), U.P. Vanguard Scholarship Fund (January, 1976), Urios College Fund (1975), Jose Rizal College Fund (February, 1975), and, until 1979, the COCOFED Scholarship Fund which it started managing and administering in February, 1976. Except, of course, for the House Fund, FAPE charges a service fee of .045% of invested funds, which is .005% lower than what FAPE is paying its external investment managers.³³

Has PEAC kept faith with its responsibility as Trustee of the Fund and, corollarily, managed the earnings,

capital gains and the like prudently and wisely?

The answer is definitely yes.

When the \$6,154,000 was turned over to the Philippine Government through the National Economic Council, its peso equivalent was computed at P24,000,600.³⁴ Although this principal was never augmented during FAPE's first decade, it has not been impaired either.

The tables and figures at the end of this chapter give a detailed picture, or profile, of FAPE's financial operations up to 1979. We can do no better than to excerpt from the experts' analysis of these tables, by way of showing how PEAC had managed FAPE's funds during the past decade:

The equity of the Fund amounting to P25.958 million on April 30, 1969 grew to P35.784 million as of April 30, 1979, or an increase of 38 percent. The increase of P9.925 million in equity was due to [an] accumulated excess of income over expenses amounting to P11,409 million.

Likewise, the total resources of the Fund as of April 30, 1979 amounted to P37.620 million. This amount is 43% more than the total resources of P26.247 million as of April 30, 1969. The major placement of the resources of the Fund is on investments. Total Investments in 1969 of P6.320 million increased to P28.534 million as of April 30, 1979. The total income from investments for the ten-year period amounted to P39.004 million while income from other sources amounted to P13.136 million, or a total revenue of P52.140 million.³⁵

Total disbursements for grants, projects and subsidies amounted to P30.055 million, or P6.553 million more than the principal of the Fund. Administrative costs amounted to P10.725 million.

The net worth of FAPE's property (offices) and equipment was P3,059,532. If this is considered as

investment, rather than as costs, and if we add to it the value of FAPE's real estate of P200,000, then FAPE would have an additional investment — although not yielding annual incomes — of P3,259,532.

With an excess of P11.409 million over principal as of the end of FY 1978-79, and assuming an annual expenditure (including administrative expenses) of P5.08 million — the average for the last three years, which exceeded average annual income by only P254,209 — and assuming further that the latter will more or less be stationary, it would take at least four decades before the resources of FAPE would be uncomfortably close to the original amount of P24 million, or to an imminent impairment of the Fund.

There was a moment, however, when impairment of the Fund at one of the trimestral determination periods seemed a distinct probability. This was during the last quarter of 1971, less than three years after it was formally constituted, when in September the Fund's value sank to a record low of barely P25 million; and again in November, when in a single day alone, the Fund suffered a paper loss of P800,000. FAPE had to act quickly to maintain the integrity of the Fund, while still carrying on scheduled programs of assistance, and President Corpuz himself offered to reduce his salary by 10% until April, 1972.³⁶ Still, the Fund's equity at the end of the fiscal year stood at P28,009,852. This was, however, P3.1 million less than the Fund's value in the previous year and P10.7 million lower than that of the following year.

A closer examination of Tables IV-1 and IV-2, and Figures IV-1 and IV-2 reveals that during the decade under review, 1971-1972 was a watershed. The Fund's income was the lowest for a full year of investment operations and so was its equity. But thereafter, the Fund's equity was never below P32 million, even as expenditures kept soaring, reaching a record high of P6.6 million in 1974-1975. That was also the year when total expenditures exceeded an-

nual income by more than P1 million for the first time, but an unusually huge equity of P50.8 million for the previous year — more than double the Fund's principal — easily enabled the Fund to absorb the deficit and still end up with a P39.8 million value.³⁷

But for the "excitement" of 1971-1972, therefore, it could very well be said that in a decade of operations, PEAC has kept faith with its mandate not to impair the Fund's principal and to manage the Fund prudently and wisely.

C. Organizing the Staff

PEAC immediately recognized the need for an "executive staff" to carry out the administrative side of its operations as well as to provide assistance in planning. It, therefore, decided during its second meeting to appoint a "Chief of Staff", and authorized its Chairman to hire a clerk and a messenger, in the meantime, to constitute the "core staff" — all appointments to be effective December 1, 1968. PEAC designated Mr. Horacio R. Morales, Jr., who was already its Secretary, as Executive Officer³⁸ and Chairman Corpuz subsequently appointed Miss Erlinda Halog and Mr. Oscar Rivera as stenographer-clerk and messenger, respectively; together, these three appointees formed the pioneer staff of PEAC.³⁹

In anticipation of the expansion of the staff, PEAC invited Miss Lita Ofilada and Mr. R. Tejada, then both with PES, to serve as Administrative and Budget Consultants, respectively.⁴⁰ Earlier, in hopes of attracting the best people, it had sought exemption of PEAC's staff from the Civil Service Law and the Wage and Position Classification Office (WAPCO) salary structure, even as it discussed the creation of two operative departments under the Executive Officer, each to be headed by: "a) Program Officer (macro-man) who will deal primarily on statistics and planning, and b) Project Officer (micro-man) who will be concerned primarily with the educational function of the assistance program."⁴¹

As was to be expected, from a secretariat of three FAPE's bureaucracy was to expand tremendously during the decade under review.⁴² In 1969-1970 alone, it grew ten-fold. The key officers then were the Executive Director (Morales), the Planning Director (Rev. George Piron) and the Projects Director (Arcelo). The Administrative Officer (Magdalena Briones, and the Librarian (Helen Manalad) were the other line officers.⁴³

A reorganization was effected throughout FY 1970-1971. The Executive Director was now styled simply as Director and two Assistant Directors superseded the earlier Planning and Projects Directors. The Assistant Director for Administration (Atty. Jimmy D. Blas) supervised the Investment Division (which eventually became a very important unit), Administrative Division, Research and Development Division, Library and Documentation Division, and the Office of Reports. He, therefore, had charge over the internal or "house" functions of the Secretariat.

The Assistant Director for Operations (Dr. Felipe), on the other hand, supervised four Program Divisions, each headed by a Program Officer, which were given the responsibility for processing and evaluating applications for assistance and, upon their approval, for following up their implementation. This arrangement was clearly an attempt to align FAPE's higher echelon staffing with its program areas, viz.:

- Program Division I — School Administration Division (Mr. Arcelo)
- Educational Research
- Laboratory Equipment Assistance Program
- Textbook Production Program
- Honors Program
- Program Division II — Curriculum and Instruction Division (Dr. Jose Socrates)
- Curriculum Planning and Instructional Materials
- Program Division III — Graduate Education and Faculty Development Division (Dr. Reyes)



Graduate Education and Fellowship Program
Program Division IV — Guidance and Testing Division (Dr. Angelina E. Ramirez)

Guidance and Testing Programs
The College of Library Assistance Program, however, was handled by the Library and Documentation Division under the Assistant Director for Administration. Except for this, the Assistant Director for Operations took care of FAPE's external functions.⁴⁴

This delineation of functions and responsibilities was apparently not entirely satisfactory, if not also inadequate, as FAPE's operations intensified. PEAC as an executive board was finding it increasingly difficult to coordinate its programs effectively and to supervise its expanding secretariat more closely. A shift to a full-time executive, with broad powers, was shaping up as a solution to these organizational and operational problems; discussions on it are scattered over PEAC's minutes starting the latter half of 1970, when PEAC was frenetically implementing its interim programs of assistance and brainstorming on regular programs.

At its October 16, 1970 meeting, PEAC agreed that it was "now ready to implement regular programs of assistance." "In line with this shift in the pace of the Fund's operations," it

pointed out, "it was decided that a *presidential structure* would provide the best answer to the needs of accelerated Fund activities."⁴⁵ The following November, it requested the staff to prepare a concept paper, or a study, on the "presidential structure."⁴⁶

Finally, on May 14, 1971, taking into consideration the FAPE staff paper on the subject, PEAC adopted the presidential structure for FAPE. In deciding on this significant step in the organizational development of its staff, PEAC adduced the following advantages:

1. *Faster Implementation of FAPE Programs.* A full-time administrator could make on-the-spot decisions without the necessity of convening the Committee. Therefore, implementation of the programs of the Fund can be effected with dispatch.
2. *Better FAPE Representation.* Vested with full authority, a President can better represent the Fund in official functions, both local and foreign.
3. *Closer supervision of FAPE Staff.* With the presence of a full-time President, the FAPE staff could be better supervised leading to more efficient and well-organized management procedures.⁴⁷

Pursuant to the adoption of the presidential structure, PEAC approved a resolution (No. 1, Series of 1971) to appoint a president of FAPE "for a contract period of three years which may be renewed by mutual agreement."⁴⁸ With characteristic dispatch, it nominated and unanimously approved the appointment of Dr. Corpuz, who had earlier resigned as Secretary of Education, as FAPE's first President, effective May 16, 1971, until April 30, 1974.⁴⁹ The architect of FAPE, both as an idea and as an edifice, was now its "chief of staff" or "Taong Bahay" (as PACU representative Fabella would most likely have enjoyed calling him)⁵⁰ — with the title of President.⁵¹

With the adoption of the presidential structure, the positions of Director and Assistant Directors were automatically abolished. To assist the new President, PEAC created the offices of Executive Vice-President, Vice-President for Administration and Vice-President for Programs. Former Director Morales became the Executive Vice-President even as he retained his duties as PEAC's Secretary, while Assistant Directors Blas and Felipe were given new titles as Vice-Presidents. These took place on May 28, 1971.⁵²

The designations of the Program Officers under the directorate structure were not changed to Program Directors until later. Before the end of the first year of the presidential structure, four such directors had been appointed: Mr. Arcelo for Educational Management Services; Dr. Quiocho for Instructional Materials (later changed to Special Projects); Dr. Reyes for Faculty Development and Welfare; and Dr. Socrates for Curriculum and Instruction. Dr. Ramirez became the Project Director for Guidance and Testing, while Mr. Jimmy Yambao's title was changed from Chief to Director of Reports.⁵³

It is tempting to make the observation that save for the offices of President and Executive Vice-President, what followed in the wake of the replacement of the directorate structure was nothing but a change in the principal staff's designations, i.e., old

functions, new titles. But more than a change in designations took place: there was also an adjustment or improvement in the staff's salary structure.⁵⁴

But to continue with the development of FAPE's bureaucracy. In August, 1971, Director Quiocho went on study leave under FAPE's staff development program; his functions were taken over by Dr. Socrates. A year later, Director Reyes likewise left for abroad; her division's responsibilities were temporarily assumed by President Corpuz, no less, until they were transferred to Dr. Socrates' division. The table of organization, however, remained unchanged until an administrative audit in 1972.⁵⁵

In his annual report for 1971-1972, the first and last that he prepared as FAPE President, Dr. Corpuz recommended a review of FAPE's staff structure, "both in terms of technical considerations and of staff attitudes to FAPE operations." According to him, the "scale and nature" of FAPE's assistance undertakings called for their reflection in an "optimum staffing structure and administrative organization and procedures." "Such a review," he emphasized, "is specially timely for the purpose of shaping the *FAPE team that is needed during the next stage* . . . "⁵⁶

The ensuing administrative review or audit resulted in yet another reorganization of FAPE's secretariat. The position of Executive Vice-President, vacant since 1971, was abolished and one of the Vice-Presidents was redesignated Vice-President for Operations (Dr. Felipe). Since two of the Program Directors were on study leave abroad, and the workloads of their respective divisions were being successfully discharged by the other two, anyway, it was decided to merge the four program divisions into just two, i.e., the Curriculum and Instruction Division and the Educational Administration Division.⁵⁷ It was probably just as well because FAPE's bureaucracy appeared top-heavy at the upper layers. Besides, FAPE had just experienced a

recession with its Fund equity or value at a mere P28 million.

At the beginning of FY 1974-1975, an external management audit was undertaken by R.G. Castro and Associates. One consequence was the reorganization of the two remaining divisions "from the vantage point of area specialization to delineation of responsibilities in terms of process" into the Project Development, Evaluation and Planning Division (PDEPD — a tongue twister) under Dr. Quiocho, who had in the meantime returned from studies abroad, and the Program Administration Division (PAD — a more manageable acronym) under Dr. Socrates.⁵⁸ Explaining further the basis for the reorganization, a development which somehow attempted to recapture the simpler structure of 1969-1970, President Felipe wrote:

The PDEPD is responsible for the process from the development of a project or the processing of proposals to the rationalization of project proposals for approval. After a project has been approved, it is taken over by the PAD for implementation.⁵⁹

The Administrative and Investment Divisions were retained, but only one of the vice-presidents was. Under the new set-up, PDEPD and PAD, the Administrative and Investment Divisions were placed under a single vice-president.⁶⁰

Dr. Felipe, who was installed as FAPE's second President in September, 1974, noted with mild satisfaction in 1975 that although the staff changes had been in operation for less than a year, "some efficiency in the development and administration of projects and grants has been achieved." He promised "continuing efforts" to maximize efficiency and, hopefully, effect at the same time a measure of economy.⁶¹

This was made possible partly by the transfer of PAD's functions to PDEPD, when Dr. Socrates went on leave to accept a position at INNOTECH⁶² and, finding the post more

congenial, resigned from FAPE a year later. PEAC thereupon formalized the *de facto* merger of PAD and PDEPD and gave Dr. Quiocho the new title of Director for Programs, something which he had wanted for quite some time.⁶³

The "new look" FAPE bureaucracy engendered by the merger and the spinning off of the testing project into the Center for Educational Measurement in September, 1978, had streamlined FAPE's organizational structure even further. It was the result of planned changes to suit FAPE's changing assistance strategy as it approached the threshold of its second decade, an adjustment facilitated by the fortuitous circumstances of voluntary resignations and leaves of absence by senior staff.⁶⁴

Such were the highlights of FAPE's staffing operations during the decade under review. The prunings and reshuffles were paralleled by FAPE's migrations from a makeshift office in the Department of Education; thence to rented offices in the CFC Building on Buendia Avenue Extension (1969-1971) and in Warner Barnes Building along noisy South Superhighway (1971-1973); and, finally, to its present abode in Concorde Condominium in Legaspi Village, Makati, the 6th and 7th floors of which FAPE had purchased, in retrospect, with remarkable foresight.⁶⁵

D. Administrative Expenses

COCOPEA and government officials naturally pondered over administrative expenses that would have to be incurred for mobilizing the Fund, processing project proposals, monitoring project status, and the like. FPEP thought, perhaps naively, that it would need no more than one per cent of the Fund's income for all such activities. DBP was likewise amenable to a one per cent service fee, but only as the Fund's administrator; expenses for processing project applications, for overseeing program implementation, etc. would have to be shouldered, presumably, by the Department of Education. In this connection, COCOPEA



agreed with Dr. Corpuz "to keep administrative expenses at a minimum consistent with efficient operation, and the suggestion was made that some provisions may be inserted [in the Trust Agreement between the DE and DBP] limiting the administrative expenses to a certain percentage of the annual income from the investment portion of the fund."⁶⁶

The Project Agreement and Executive Order No. 156, being umbrella documents, are understandably silent on the matter of administrative expenses. But both probably intended these to be reasonable, since PEAC was enjoined to manage the Fund, its earnings and capital gains in a prudent manner.

What has been FAPE's record in this respect?

Apropos this matter, we should bear in mind that there are no external institutional watchdogs, except perhaps the Ministry of Labor, on FAPE's administrative operations, e.g., the Commission on Audit, the Civil Service Commission, and WAPCO (now OCPC) do not pass on FAPE's purchases and accounts, nor prescribe the qualifications of its staff and the lat-

ter's salary scales. The only constraints are internal — the rules and guidelines set by PEAC in its capacity as the Fund's trustee.⁶⁷

The fact that FAPE's salary structure is not directly regulated by the government has given rise to the popular view that FAPE salaries are high, perhaps much higher than those for comparable positions, at least, in government offices: after all, one does not take advantage of an exemption from WAPCO rates by paying lower salaries! Whether this putative reputation is true or not, the increase in general and administrative expenses during the past decade, of which salaries were a major component, may confirm that it is.

Table IV-3 at the end of this chapter gives precise financial data on FAPE's administrative expenses during the ten-year period under review. These are graphically presented in Figure IV-3, also at the end of this chapter.

In this analysis, we exclude expenses during the five months and ten days of FAPE's first fiscal year because the amount was inconsequential and not really reflective of FAPE's normal



operations during the past decade. Thus, we get the following information from the financial data: total administrative costs were P10,678,948; salaries, wages and allowances, P2,988,571; and depreciation and amortization, P1,217,446. The last item is always included in any auditing procedure, but should not really be the case since it either does not involve any cash flow, as in the case of depreciation, or constitutes part of investment, because in the end recoverable, as in the case of amortizations.

Administrative costs increased sharply in 1972, generated mainly by accelerated assistance activity, and in 1974, when the aggregate amount exceeded P1 million. The latter was due to the following factors: expenses entailed by FAPE's transfer to its present offices in Concorde Condominium, which had to be partitioned and furnished; inflation, due to the Arab oil embargo during the Yom Kippur War (Arab-Israeli Conflict) in October, 1973; and, not the least, FAPE's conducting the first nation-wide college entrance examinations (NCEE).

Turning now to salaries, wages and allowances, the amount increased by more than 100% in 1972; this was due mainly to the adoption of the presidential structure, which required hiring additional personnel, not the least for top executive positions, and upgrading of salaries commensurate with the expansion and intensification of assistance activity. Significantly, decreases were registered in 1974, when administrative costs reached and even exceeded the one-million-peso mark; in 1976 and again in 1978, even as total administrative costs increased

by P204,945 and P192,746 over the preceding years, respectively.

These facts, notwithstanding, the observation has been raised by some of FAPE's clientele that it had allocated so much for administrative expenses; certainly, an amount that was much larger and a far greater percentage of income than what COCOPEA had envisioned with government — naively, perhaps — in pre-FAPE days.⁶⁸ Thus, Fr. Varela of CEAP:

By and large, private schools would want to see a *greater* percentage of the Fund's annual moneys [read income] allocated for direct services and *less* for administrative ones.⁶⁹

This criticism, however, ignores one cardinal fact: FAPE's uniqueness as an agency involved in assistance programs. Unlike The Ford Foundation and The Asia Foundation, both of which are engaged in a few activities in the country that parallel some of FAPE's, FAPE is not a mere funding agency. In addition to monitoring its grants, FAPE operates a library that is now understaffed; maintains an investment division whose staff salaries are drawn from FAPE's payroll, not from the fees it collects as investment manager of seven funds; and, until recently, administered the COCOFED Scholarships.⁷⁰ Above all, FAPE conceptualizes, develops, and implements its own projects in support of private education, as well as participates in projects that are not exclusively initiated by it but affecting private education directly or indirectly, such as, for example, the HELMS⁷¹ Project and the Study on the Financing of



Private Education Project;⁷² during the decade under review, these activities required overhead costs chargeable against FAPE's administrative outlay.

The wisdom of FAPE's undertaking projects of its own has been questioned by some of the private schools, doubtless a very small minority.⁷³ But if one may be allowed to draw an inference, it would seem that back of the private schools' desire that FAPE should now farm out some of its projects to them — at least for development and implementation (the better to relieve FAPE's staff and reduce its administrative expenses) — is the feeling of confidence in their own capabilities to undertake such enterprises. If this is so, then it is a development which FAPE cannot but welcome, since it may have assisted in generating such confidence.⁷⁴ The administrative expenses which FAPE had disbursed in discharging its multi-dimensional role over the years will then have been worth much more than their actual total, which is neither very small nor very large — just within reason.⁷⁵

The price of translating a vision into reality, especially if done in a hurry, is, after all, never cheap.⁷⁶

TABLE IV-1

FUND FOR ASSISTANCE TO PRIVATE EDUCATION
CONDENSED BALANCE SHEETS
FOR THE TEN YEAR PERIOD ENDED APRIL 30, 1979

ASSETS	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
CURRENT ASSETS											
Cash on hand and in banks	P 1,991,218	P 1,633,244	P 1,846,515	P 1,495,237	P 1,739,609	P 1,584,960	P 966,967	P 1,063,308	P 2,797,517	P 1,666,800	P 18,000,229
Receivables and advances	3,941,488	920,417	1,077,820	1,001,727	2,347,246	2,785,743	2,550,882	637,853	329,205	751,653	1,867,909
Prepayments and other deposits	94,843	110,938	116,204	98,689	128,825	67,788	44,316	50,654	110,584	19,911	9,938
Total Current Assets	6,026,549	2,664,599	3,040,539	2,595,653	4,215,680	3,441,491	3,552,165	1,751,815	3,247,306	2,448,440	19,878,076
INVESTMENTS											
Marketable securities	10,345,628	9,995,014	12,582,334	15,872,374	20,628,361	33,584,078	20,170,631	16,934,419	19,660,287	28,031,318	3,668,985
Notes and acceptances	10,944,997	16,249,659	13,638,822	16,437,994	12,125,543	14,377,867	15,607,214	9,635,555	8,502,139	6,568,686	2,150,232
Time deposit	2,168,960	1,053,968	900,000	100,000	—	—	—	—	—	—	—
Bonds	4,662,000	1,960,000	200,000	200,000	—	—	23,822	—	500,000	926,816	501,517
Real estate	200,000	200,000	200,000	742,000	—	—	—	—	—	—	—
Other investments	213,039	40,816	2,363,565	742,000	3,557,567	417,700	—	—	—	—	—
Total Investments	28,534,624	29,493,447	29,684,721	44,152,368	36,511,471	48,581,645	35,801,667	26,569,974	28,562,426	35,526,820	6,320,734
PROPERTY AND EQUIPMENT, NET	3,059,532	2,983,855	3,098,548	3,139,104	3,252,871	3,017,961	343,915	344,908	218,057	131,466	48,293
TOTAL ASSETS	P37,620,705	P35,141,901	P35,823,808	P38,887,125	P43,980,022	P55,041,097	P39,697,747	P28,666,897	P32,127,789	P38,106,726	P26,247,103
LIABILITIES AND EQUITY											
CURRENT LIABILITIES											
Principal fund	P 460,077	P 552,260	P 422,316	P 475,754	P 1,919,074	P 1,966,097	P 987,631	P 601,907	P 1,001,224	P 198,385	P 387,509
Accumulated excess of income	1,376,030	1,868,164	2,115,719	2,237,477	2,203,612	2,252,246	—	55,037	—	—	—
over expenses	24,000,600	24,000,600	24,000,600	24,000,600	24,000,600	24,000,600	24,000,600	24,000,600	24,000,600	24,000,600	24,000,600
Reserved for market appreciation	11,409,129	9,292,273	11,604,579	12,138,133	13,426,669	15,478,526	9,822,291	7,188,971	7,188,971	7,564,271	1,389,960
(decline) in value of securities and dollar account	—	—	—	—	—	—	—	—	—	—	—
EQUITY											
Principal fund	374,869	(571,396)	(2,319,406)	35,141	2,430,087	11,343,628	4,887,225	(3,179,718)	(438,306)	6,128,977	469,034
over expenses	35,764,598	32,721,477	33,285,773	36,173,874	39,857,336	50,822,754	38,710,116	28,009,853	31,126,565	37,908,341	25,550,594
Reserved for market appreciation	—	—	—	—	—	—	—	—	—	—	—
(decline) in value of securities and dollar account	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITIES AND EQUITY	P37,620,705	P35,141,901	P35,823,808	P38,887,125	P43,980,022	P55,041,097	P39,697,747	P28,666,897	P32,127,789	P38,106,726	P26,247,103

TABLE IV-2

FUND FOR ASSISTANCE TO PRIVATE EDUCATION
STATEMENTS OF INCOME AND EXPENSES
FOR THE TEN YEAR PERIOD ENDED APRIL 30, 1979

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
TOTAL											
INCOME INVESTMENTS											
Interest income	P 2,881,959	P 2,465,343	P 2,261,929	P 2,281,693	P 1,599,747	P 1,701,000	P 2,248,031	P 2,220,530	P 1,135,919	P 1,241,633	P 671,736
Dividend income	745,866	873,108	792,513	784,339	1,193,432	1,209,294	974,166	965,887	1,077,217	1,069,599	—
Gain (Loss) on sale of securities	1,573,217	(1,658,798)	159,614	(59,222)	2,371,598	6,250,800	1,045,809	(768,530)	60,753	4,721,610	765,251
Sub-Total	P 5,202,042	P 1,479,653	P 3,214,056	P 3,005,800	P 4,11,581	P 9,161,411	P 4,368,956	P 1,417,887	P 2,273,889	P 7,032,842	P 1,436,987
INCOME FROM OTHER SOURCES											
Government subsidy	P —	P —	P —	P —	P —	P —	P —	P —	P —	P —	P —
Sale of publication	53,812	409,479	2,125	7,137	4,782	7,252	30,004	—	—	—	—
Miscellaneous	435,981	1,479	9,380	64,314	182,086	90,408	22,921	53,072	3,807	5,219	10
Project revenues	31,273	497,654	1,007,829	85,881	3,896,271	2,548,074	556,536	287,239	87,393	—	—
Contribution and fees	127,503	231,159	167,224	100,392	31,061	—	6,660	—	—	—	—
Gain on sale of equipment	16,503	—	—	—	—	—	—	—	—	—	—
Rental income	81,182	4,000	5,000	19,388	52,794	—	—	—	—	—	—
Gain on sale of Foreign Exchange	416,379	—	—	—	—	—	26,479	389,500	—	—	—
Sub-Total	P 2,680,597	P 734,771	P 1,191,558	P 247,112	P 4,166,994	P 2,645,734	P 642,600	P 730,211	P 91,200	P 5,219	P 10
TOTAL REVENUE	P 7,882,639	P 2,214,424	P 4,405,614	P 3,252,912	P 4,578,576	P 11,807,145	P 5,011,556	P 2,147,798	P 2,365,089	P 7,038,061	P 1,436,997
LESS — ADMINISTRATIVE COSTS, GRANTS, PROJECTS AND SUBSIDIES EXPENSES											
Administrative expenses	P 1,617,235	P 1,507,592	P 1,324,845	P 1,455,859	P 1,250,915	P 1,195,502	P 792,915	P 704,226	P 428,887	P 400,972	P 47,037
Project expenses	1,607,801	703,599	1,993,942	1,699,481	3,544,461	3,329,981	968,740	888,454	881,599	102,973	—
Grants	2,307,237	1,490,200	1,229,655	1,019,883	1,537,945	1,075,218	655,077	922,154	1,268,996	145,312	—
Subsidies	490,000	703,166	300,000	300,000	300,000	300,000	300,000	—	—	—	—
Total	P 6,022,273	P 4,404,557	P 4,848,442	P 4,475,223	P 6,633,321	P 5,900,701	P 2,706,732	P 2,514,834	P 2,579,582	P 649,257	P 47,037
EXCESS OF INCOME OVER EXPENSES	P 1,860,366	(P 2,190,133)	(P 442,828)	(P 1,222,311)	(P 2,064,746)	P 5,906,444	P 2,304,864	(P 367,036)	(P 214,403)	P 6,388,804	P 1,389,960
PRIOR YEAR'S ADJUSTMENT	P 256,490	(P 122,172)	(P 90,726)	(P 66,223)	P 2,888	P 49,792	P 28,457	(P 8,267)	P —	P —	P —
EXCESS OF INCOME OVER EXPENSES	P 2,116,856	(P 2,312,305)	(P 533,554)	(P 1,288,534)	(P 2,051,858)	P 5,956,236	P 2,333,321	(P 375,303)	(P 214,403)	P 6,388,804	P 1,389,960

TABLE IV-3

**FUND FOR ASSISTANCE TO PRIVATE EDUCATION
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE TEN-YEAR PERIOD ENDING 1979**

Fiscal Year Ended	Salaries Wages and Allowances	Depreciation and Allowances	Other Administrative Expenses	Total Administrative Expenses
1969	P 9,135	P 589	P 37,313	P 47,037
1970	88,933	10,739	301,300	400,972
1971	127,207	29,749	271,931	428,887
1972	294,266	35,754	374,206	704,226
1973	222,798	49,957	520,160	792,915
1974	190,957	153,428	851,117	1,195,502
1975	340,031	158,345	752,539	1,250,915
1976	334,614	188,730	932,516	1,455,860
1977	434,720	176,531	713,594	1,324,845
1978	425,138	208,888	873,566	1,507,592
1979	529,906	203,526	883,803	1,617,235
Totals	<u>P2,988,571</u>	<u>P1,217,446</u>	<u>P6,472,931</u>	<u>P10,678,948</u>

*Does not include 1969 figures.

Source: FAPE Financial Report for the Fiscal Years Ended April 30, 1969 to April 30, 1979, prepared by CAGUIAT, ABAD & CO., Certified Public Accountants, Quezon City. Computations were made by my son Matthew R. Salamanca.

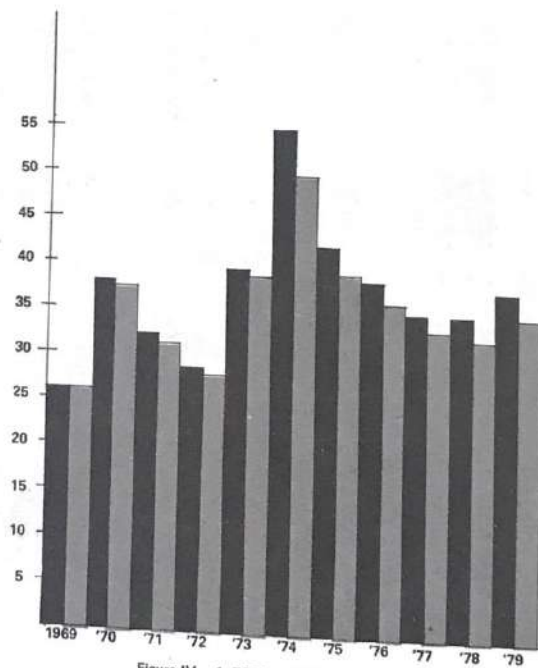


Figure IV - 1 TOTAL ASSETS AND EQUITY

Legend:
 Total Assets
 Equity

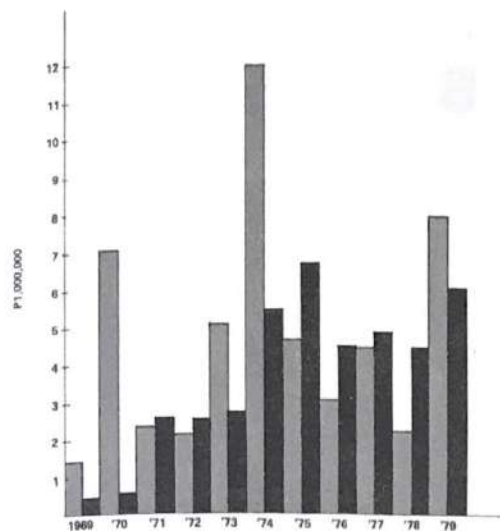


Figure IV-2 STATEMENTS OF INCOME AND EXPENSES

Legend
 Total Revenues
 Total Expenses

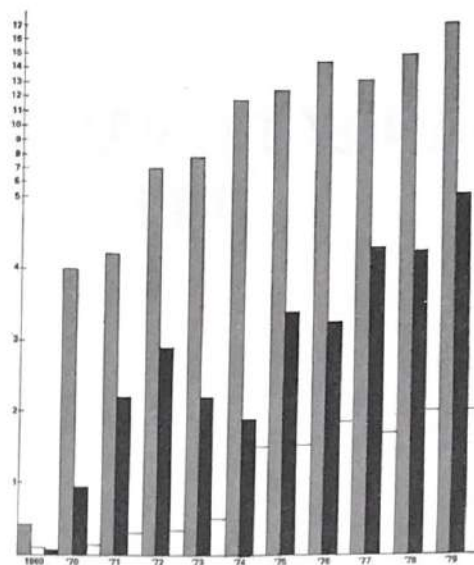
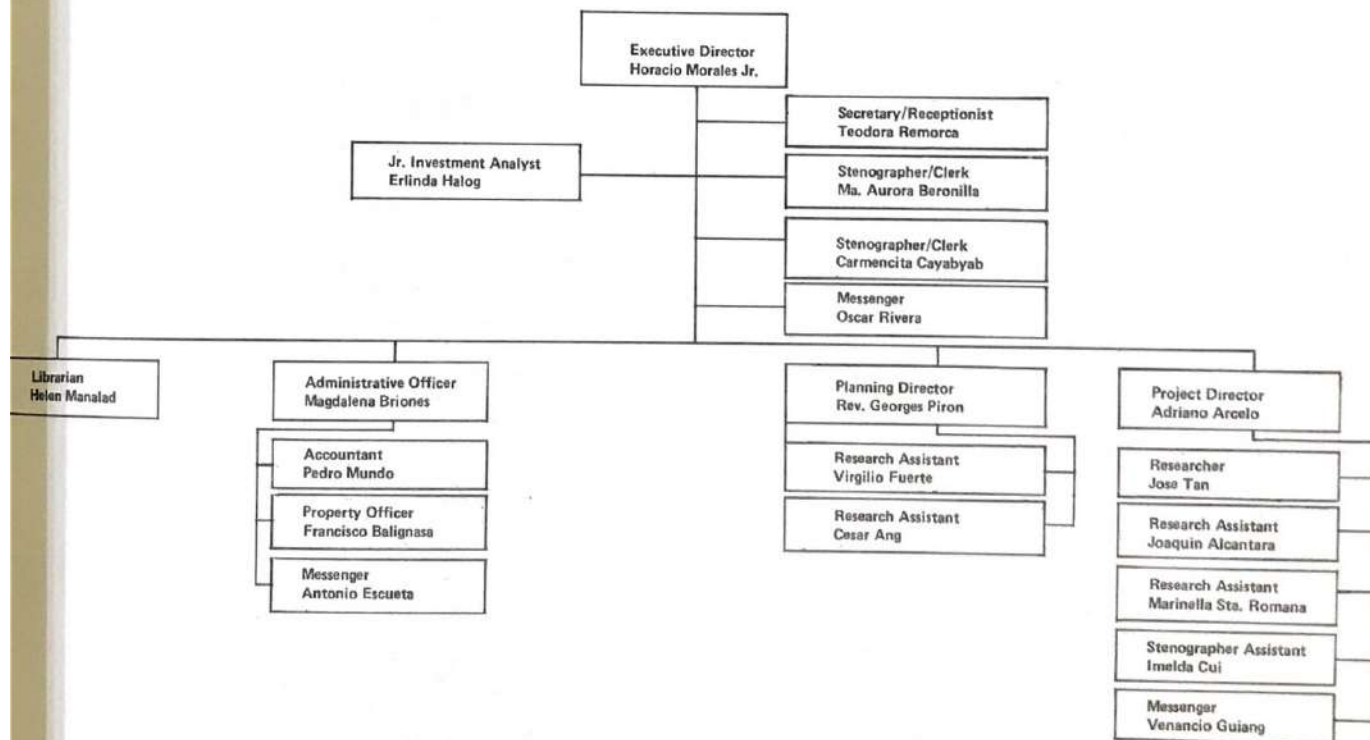


Figure IV-3 SCHEDULE OF ADMINISTRATIVE EXPENSES

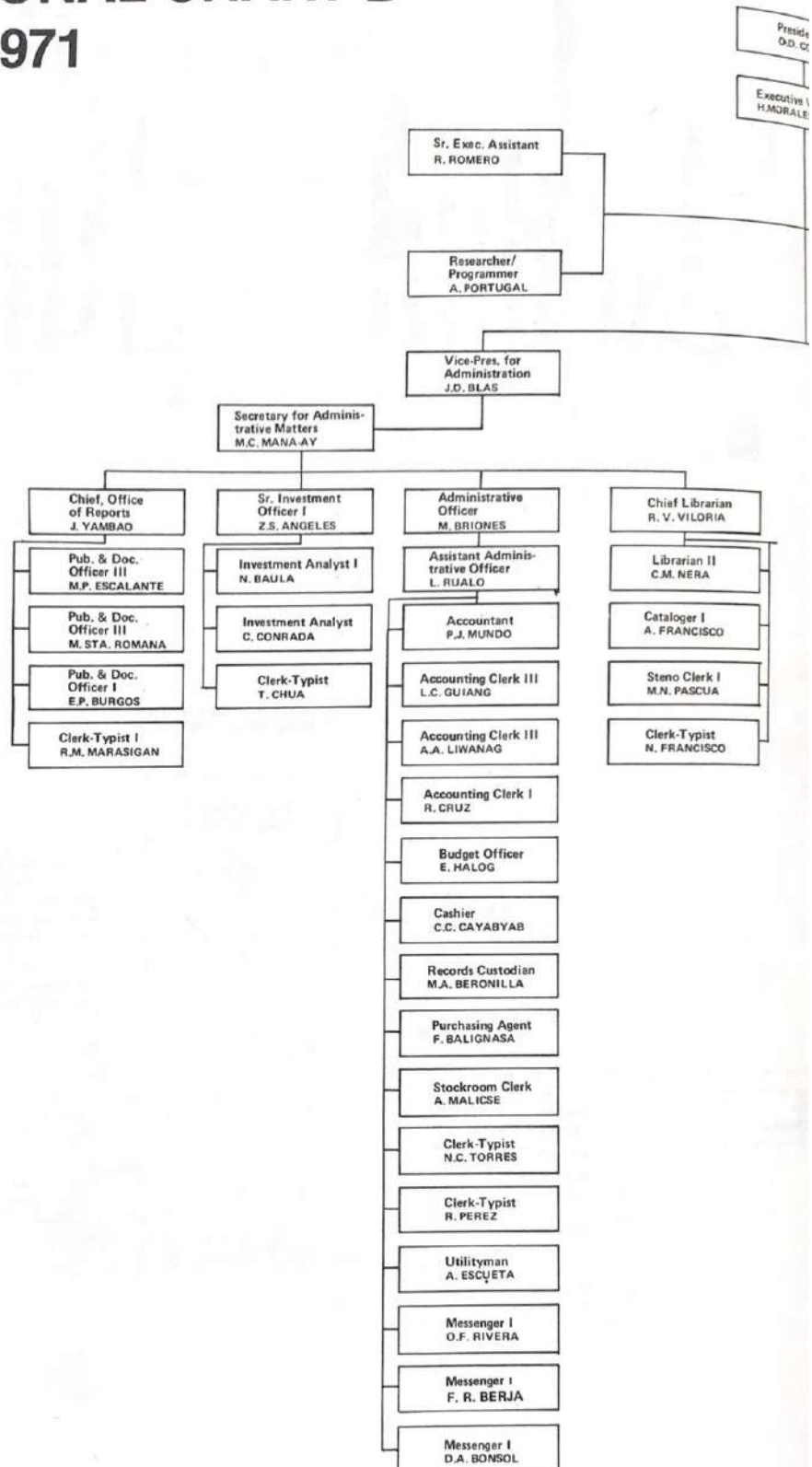
Legend
 Total Administrative Expenses
 Salaries, Wages and Allowances
 Depreciation and Amortization

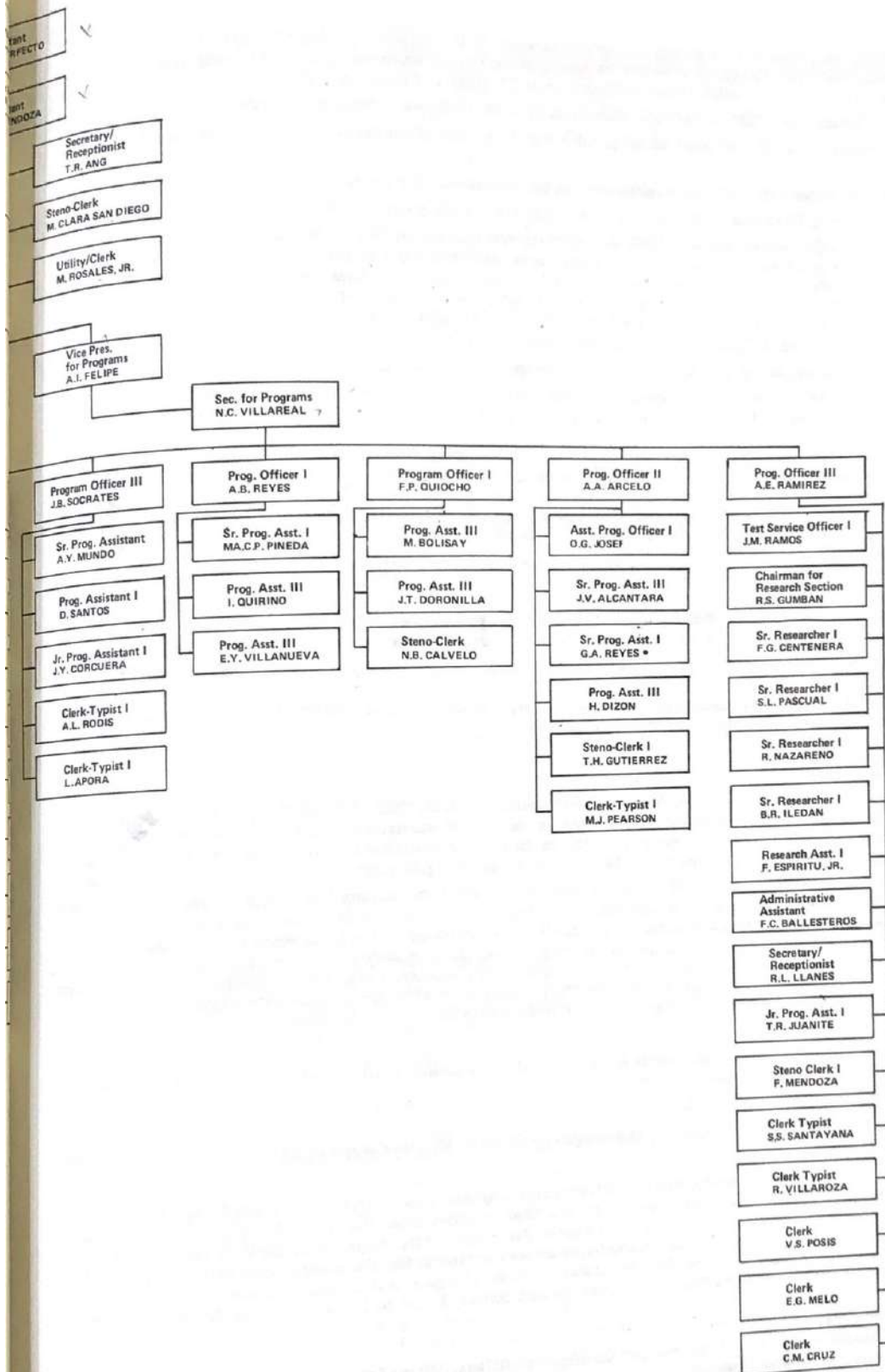
ORGANIZATIONAL CHART - A FISCAL YEAR 1969-1970



ORGANIZATIONAL CHART B

1971





NOTES

- ¹Francis V. Moran, BANCOM Vice President, to Acting Education Secretary O. D. Corpuz, June 15, 1968, in Fitzpatrick Folder. The drafts must have been submitted to Dr. Corpuz even before the signing of the Project Agreement on June 11, 1968, at least informally. BANCOM formally submitted them on June 27, 1968. Moran to Corpuz, June 27, 1968, in Fitzpatrick Folder.
- ²A copy each of the COCOPEA and BANCOM memoranda, both dated June 15, 1968, are in Fitzpatrick Folder.
- ³Accommodation of this suggestion all but doomed whatever DBP had of getting appointed as the Fund's investment manager. See below, p. 40.
- ⁴The amendment to the Project Agreement is sometimes referred to as the "Supplementary Agreement."
- ⁵FAPE's most important document, Executive Order No. 156 is reproduced in the Appendix of this history.
- ⁶One of COCOPEA's principal objections to the DE/DBP Project Proposal was the fear that *not all* the net earnings would accrue to the Fund. Equally objectionable to COCOPEA was the prospect of the Fund's principal remaining constant at P24 million, with no legal way of augmenting it by government or private grants or donations. These defects and their suggested remedies — such as a trust fund entrusted to a private foundation, i.e., FPEP, similar to the \$3.5 million trust fund of the First Lady's Cultural Center of the Philippines, then being handled by BANCOM — were forcefully presented to COCOPEA officials by Fr. Fitzpatrick, then, and still, Treasurer of the Ateneo de Manila and evidently a financial expert. See his "Aide Memoire", already cited, in Fitzpatrick Folder.
- ⁷The priority areas of assistance as well as the guidelines for trustee decisions on awards will be discussed in the next chapter.
- ⁸COCOPEA's acceptance of this arrangement in the context of a new organization as the receptacle and trustee of the Fund, however reluctantly, was tantamount to a desertion of FPEP; contrariwise, co-opting COCOPEA's members in PEAC was a brilliant maneuver by Dr. Corpuz.
- One of those interviewed on the origins of FAPE, who has asked not to be identified on this point, claims that in a way, COCOPEA officials were not too unhappy, to put it mildly, with the FAPE arrangement. After all, he said, under the COCOPEA/FPEP tie-up, the heads of the educational associations were merely advisers or liaison officers; they were not the "superstars" — to quote him directly. And, since they were not members of FPEP's Board of Trustees, they were not the decision-makers either. These status and power roles belonged to FPEP's trustees. In the PEAC, it was a different ball game altogether, the Chairman's veto power notwithstanding.
- ⁹It has not been possible to trace the origin of the proviso conferring upon PEAC's Chairman a veto over all of PEAC's decisions. All those interviewed, including high FAPE officials, but excluding Dr. Corpuz, have pinpointed Dr. Corpuz as the "author" of this proviso which appeared for the first time in the American draft note of March, 1968. However, a document in the Fitzpatrick Folder, which states that he had agreed to make "the strongest representation" to have the proviso deleted (see Chap. III, p. 32), suggests that Dr. Corpuz cannot have been so. In any case, according to Dr. Felipe and Mr. Arcelo, the Chairman's veto has been cast only once — by Dr. Corpuz.
- ¹⁰Minutes of the First Meeting of the Private Education Assistance Committee, held on November 20, 1968 (hereinafter cited simply as PEAC Minutes).
- President Marcos was duly informed of PEAC's organization on the same day. See copy of letter, initialled by PEAC's members, in PEAC Minutes, November 26, 1968. It is reproduced as Appendix VIII of this history.
- ¹¹PEAC Minutes, December 24, 1968.
- ¹²PEAC Minutes, November 26, 1968.
- ¹³Assistant Executive Secretary Jose Leido, Jr. to the Secretary of Education, May 12, 1969, in PEAC Minutes, May 22, 1969, Annex. Like ACSC, CEAP and PACU, PMEI was then enjoying representation in the BNE. It was never considered for inclusion in PEAC during the discussions over the project proposal by the Joint Panel, perhaps, because it was not then — and even up to now — a member of COCOPEA, which had spearheaded private education's efforts to tap the Special Fund for Education.
- ¹⁴PEAC Minutes, May 12 and June 26, 1969. These are silent on PEAC's reasons for turning down PMEI's request, which is not surprising since the minutes are very skimpy. It may be suggested that PEAC turned down PMEI's request because this would entail renegotiating the Project Agreement and amending Executive Order No. 156. However, since both actions would have been possible then — and still are — there must have been a more fundamental reason for rejecting the request. According to Dr. Corpuz, it was because of PMEI's nature as an association; it is ethnic-based. Thus, he said, had PEAC granted PMEI's request, it would have been morally bound to grant membership, likewise, to other ethnic-based educational groups, with the prospect of PEAC's becoming a battleground for horse-trading in the allocation of grants — something which has so far not been the case. Interview with Dr. Corpuz, August 27, 1979.
- ¹⁵PEAC Minutes, September 19, 1969.
- ¹⁶Then Silliman University President Cicero D. Calderon sat for Dr. Guerrero on occasion. A J.S.D. from Yale Law School, Dr. Calderon was the first Director of the U.P. Asian Labor Education Center.
- ¹⁷PEAC Minutes, November 26 and December 5, 1968.
- ¹⁸Drs. Cresencio Peralta and Amado C. Dizon successively represented PACU when Mr. Fabella was an Eisenhower Fellow in the United States.
- ¹⁹Atty. Edgardo J. Angara, then of Siguan Reyna, Bello, Montecillo and Ongsiako Law Offices, FAPE's Legal Counsel, has defined PEAC's "Status under our laws, [its] functions and responsibilities" in a Memorandum dated February 12, 1969. See PEAC Minutes, February 13, 1969, "Annex A". A former President of the U.P. Law Alumni Association, Atty. Angara now heads the reputedly largest law firm in the country. Other lawyers from the firm of Sigulon, Reyna, et al., who served as PEAC's counsel were Attys. Hector Martinez, Magdangal Elma, Fulgencio Factoran, Manuel Montecillo, Saklolo Leaño, Eduardo Biringuer, and Gualberto Duavit (now Deputy Minister for Youth and Sports Development.) Since 1973, the law firm of Dean Gonzalo Santos, Jr., of the University of Manila has been retained as FAPE's Legal Counsel.
- ²⁰PEAC Minutes, December 5, 1968.
- Atty. Ancheta is now Presidential Assistant for Economic and Development Affairs, Office of the President of the Republic, and Acting Commissioner of a revamped Bureau of Internal Revenue.

- ²¹Official Gazette, January 13, 1969, p. 231.
- ²²Felix Q. Antonio, Undersecretary of Justice, to the Secretary of Education, January 14, 1969, in PEAC Minutes, January 22, 1969, Attachment.
- ²³Juan Ponce Enrile, Secretary of Justice, to the Secretary of Education, January 16, 1969, *loc. cit.*, Attachment.
- ²⁴Misael P. Vera, Commissioner of Internal Revenue, February 21, 1969, PEAC Minutes, March 13, 1969, Attachment.
- ²⁵Fitzpatrick to Perfecto, March 27, 1968, in Fitzpatrick Folder.
- ²⁶BANCOM, Far East Bank and Trust Company, and CCP Securities. Fitzpatrick to Perfecto, March 27, 1968, Fitzpatrick Folder.
- ²⁷De Vera to Fitzpatrick, November 7, 1968, *loc. cit.*
- ²⁸Fitzpatrick to de Vera, November 11, 1968, *loc. cit.* PEAC was scheduled to meet nine days later.
- ²⁹Dr. Corpuz turned down DBP because its proffered rate of return was too low. Interview with Dr. Corpuz, August 27, 1979; also Constantino to the Author, October 5, 1978.
- ³⁰BANCOM had earlier offered the "full range of our professional services" to Dr. Corpuz, long before Executive Order No. 156 was issued. Moran to Corpuz, June 27, 1968, in Fitzpatrick Folder.
- ³¹The investment management agreements, together with complementing powers of attorney, were prepared by Atty. Angara, FAPE's Legal Counsel. They are long documents couched in legal and financial jargon that makes for tedious reading. Anyone willing to spend his time on them may do so by going over the annexes to PEAC Minutes, January 30, 1969, or in the appropriate sections of FAPE, *Basic Documents*.
- ³²Of the original three, only FEBTC has remained as Investment Manager. RCBC continued until 1977. Commercial Bank and Trust Company (CBTC) served from 1971 to 1977; and City Trust (formerly FEAT Bank) and Delphic are the Fund's other two current investment managers. Appointments or designations are for three years, unless withdrawn earlier by PEAC, or terminated by mutual consent.
- ³³The Fund for Assistance to Students, like the FAPE trust fund also tapped from the Special Fund (see Chapter II), amounted to \$605,000.
- ³⁴The data on FAPE's investment activity and on its external investment managers have been supplied by Investments Director Zenaida Lapanan.
- ³⁵Had the Fund been turned over just more than a year later, when the floating rate for the peso was adopted, its principal would have been P45 million, more or less, or almost double the original amount of P24 million.
- ³⁶FAPE Financial Report for the Fiscal Years Ended April 30, 1969 to April 30, 1979. This was prepared by CAGUIAT, ABAD & CO., Certified Public Accountants, of Quezon City.
- ³⁷PEAC Minutes, November 26, 1971, and interviews with President Felipe and Vice-President Arcelo.
- ³⁸Although PEAC is empowered to capitalize unused income or net savings, it has not done so, lest its flexibility be undermined. It has, however, reinvested such savings.
- ³⁹PEAC Minutes, November 20 and 26, 1968.
- ⁴⁰Mr. Fabella wanted the "chief of staff" to carry the title of "Chairman", or "Taong Bahay". He likewise wanted him to be an "education man", primarily. Mr. Morales obviously met this criterion; he was then Special Assistant to Education Secretary Corpuz and a professorial lecturer in economics at the U.P. College Manila, where the author met him for the first time.
- ⁴¹Of the pioneer staff, only Mr. Rivera has remained with FAPE. Ms. Halog, who eventually became FAPE's Budget Officer, is reportedly in the United States. Mr. Morales left FAPE as Executive Vice-President in 1971 to join the Planned Parenthood Council. From there, he joined Dr. Corpuz in the Development Academy of the Philippines, also as Executive Vice-President. A TOYM awardee for public administration, Mr. Morales failed to show up during the award ceremonies in December, 1977.
- ⁴²PEAC Minutes, December 19, 1968. This was at the suggestion of Mr. Fabella.
- ⁴³PEAC Minutes, November 26, 1968. The intention of PEAC in securing staff exemptions from the Civil Service Law and WAPCO (now OCPC — Office of Compensation and Position Classification) rates was to make higher level positions non-competitive. Presidential Executive Assistant Jacobo C. Clave is the Chairman of the Civil Service Commission, while Ms. Ofilada is currently OCPC Chief.
- ⁴⁴The present staff now numbers below fifty. But if FAPE had not spinned off most of its major projects, the number would definitely be much higher today.
- ⁴⁵See Organizational Chart A at the end of this Chapter.
- ⁴⁶This discussion on the growth of, and changes in, FAPE's secretariat was based on the interim and annual reports, as well as on extended discussions with President Felipe, Vice-President Arcelo and Directors Quiocho and Reyes.
- ⁴⁷PEAC Minutes, October 16, 1970. Emphases added. Atty. Angara guided PEAC's discussions on the proposed shift.
- ⁴⁸PEAC Minutes, November 6, 1970.
- ⁴⁹PEAC Minutes, May 14, 1971.
- ⁵⁰*Ibid.* The resolution also made the President a PEAC member, *ex-officio*.
- ⁵¹*Ibid.*
- ⁵²Mr. Fabella's suggestion is in the original minutes of the November 26, 1969 PEAC Meeting, but not in the "official" minutes. It would have been a very appropriate title for FAPE's President, given the third advantage of having a full time president.

⁵¹Dr. Corpuz told the author (Interview, August 31, 1978) that he had reluctantly accepted FAPE's presidency; and only because PEAC's members, particularly those representing ACSC and PACU, were insistent. Dr. Guerrero recalls (interview with the author, September 28, 1978) that he saw Dr. Corpuz at his residence on the UP Campus then, and had difficulty persuading him to accept the position.

⁵²Minutes of 55th regular PEAC meeting, May 28, 1971.

⁵³Minutes of 62nd regular PEAC meeting, August 20, 1971.

⁵⁴*Ibid.*

⁵⁵Interview between the author and Vice-President Arcelo, September 13, 1979.

⁵⁶FAPE, *Annual Report, 1971-1972*, p. 17. Emphases added.

President Corpuz had evidently ruled himself out as a member of the "next-stage FAPE team" because he went on leave thereafter and formally resigned in 1974. He is back (1979), again as PEAC's Chairman. See "Epilogue"

⁵⁷Interview between the author and Vice-President Arcelo, September 13, 1979.

⁵⁸FAPE, *Annual Report, 1974-1975*, p. 6.

⁵⁹*Ibid.*, p. 10.

⁶⁰Mr. Arcelo was recalled from his doctoral studies in Australia so he could assume his vice-presidential duties. This is perhaps the appropriate time to mention that Vice-President Arcelo is also a professorial lecturer in economics at the U.P. College Manila.

⁶¹FAPE, *Annual Report, 1974-1975*, p. 10.

⁶²INNOTECH, like EDPITAF, a part of the increasing number of educational acronyms, stands for the Center for Educational Innovation and Technology, presently housed in the College of Education Building at the U.P. Campus in Diliman, Quezon City.

⁶³PEAC Minutes, April 26, 1978; FAPE President Felipe's Office Order of May 9, 1978; and Interview with Dr. Quiocho, August 10, 1979.

⁶⁴Director Reyes is currently on leave.

⁶⁵Data for this paragraph on FAPE's peregrinations were kindly furnished by Miss Nelia M. Ruiz, the author's former student, who is currently a Technical Assistant to President Felipe.

⁶⁶See the Memorandum of the COCOPEA Meeting with Dr. Corpuz, held on February 2, 1968, in Fitzpatrick Folder.

⁶⁷Of course, FAPE may not violate government rules on allowances, 13-month pay, etc., and must comply as much as possible with the recommendations of an external audit, which are submitted to the Professional Regulatory Commission, as happened in 1974.

⁶⁸See page 44 of this chapter.

⁶⁹Miguel Ma. Varela, S.J., "FAPE Through the Eyes of COCOPEA," in *FAPE Bulletin* for November, 1978, p. 14. Emphases added. Fr. Varela was replaced as CEAP's representative in PEAC in August, 1979. See "Epilogue".

⁷⁰I am grateful to Vice-President Arcelo for bringing this to my attention; indeed, this section has greatly benefitted from his and Dr. Felipe's comments.

⁷¹Higher Education Market Labor Studies, being coordinated by the International Institute of Educational Planning. Mr. Arcelo is HELMS National Coordinator.

⁷²Sponsored by EDPITAF, FAPE, Ministry of the Budget, MEC, Ministry of Finance and NEDA. Mr. Arcelo is the Deputy Project Director.

⁷³Varela, *loc. cit.* See, however, CEU President Tiongco's "FAPE-COCPEA Cooperation: Improving the Quality of Private Education," published alongside Fr. Varela's article (*loc. cit.*, pp. 9-12). The opening paragraph reads: "The two best things that ever happened to private education in the Philippines were the birth of the Coordinating Council of Private Educational Associations (COCPEA) in 1961 and the establishment of the Fund for Assistance to Private Education (FAPE) in 1968"

⁷⁴More on this in Chapter VII.

⁷⁵The author worked as a bursary student at the Yale Alumni Fund for more than four years, and knows that the Alumni Fund used to spend at least 8% of annual collections (the average for FAPE is 20% of income), but the YAF's operations are limited to solicitations.

⁷⁶For FAPE, it will not be any cheaper if the salaries of its staff are upgraded, as they must, since FAPE's salary structure has remained the same since 1974 — based on the recommendations of an external management audit that year.