



AGENCY BUDGET NOTES

For FY 2026

COMMISSION ON HIGHER EDUCATION



P33.15B

TOTAL NEW APPROPRIATIONS FOR 2026

BREAKDOWN OF OPERATIONS BUDGET



P32,160.2M
(98.2%)
Higher Education Development Program

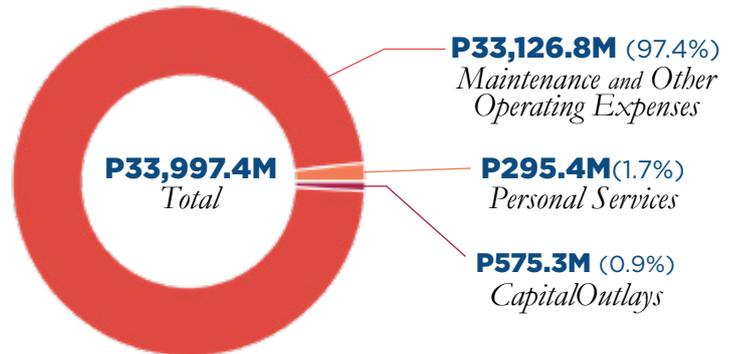


P591.1M
(1.8%)
Higher Education Regulation Program

COST STRUCTURE

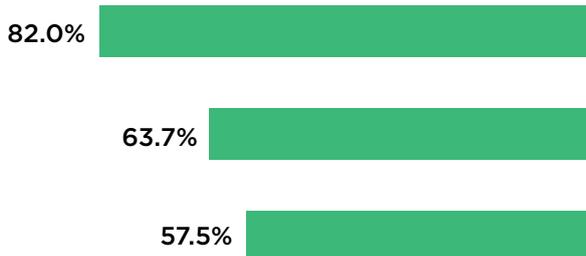
<i>General Admin and Support</i>	P152.8M (0.5%)
<i>Support to Operations</i>	P245.6M (0.7%)
<i>Operations</i>	P32,751.3M (98.8%)

TOTAL EXPENDITURE PROGRAM (New and Automatic Appropriations)

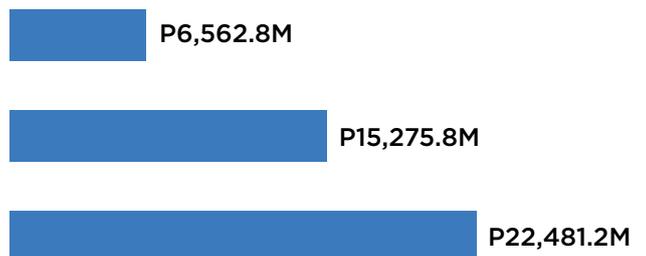


CHED BUDGET UTILIZATION

OBLIGATIONS TO APPROPRIATIONS RATIO



UNUSED APPROPRIATION



QUICK FACTS

Key Sector Indicators

Based on 2023-2028 PDP



Quality of Higher Education

	Baseline	Target	Latest Year 2023/2024
Number of Higher Education Institutions (HEIs) in Reputable International Rankings	21	22	95
Ratio of Male to Female Enrollees in Higher Education	1:1.3	1:1.35	1:1.26
Percentage of Faculty with MS/MA Degree/s	39.9	40	41
Percentage of Faculty with PhD Degree/s	15	16	18



Licensure and Graduate Competitiveness

Number of graduates in in-demand and hard-to-fill occupations	185,399	-	297,103
LET - Elementary Passing Rate increased (%)	52.36	56	46.12
LET - Secondary Passing Rate increased (%)	51.13	55	57.84
Overall Passing Rate Across All Disciplines increased (%)	38.8	42	55.78
First-time Passing Rate Across All Disciplines increased (%)	57	61	70.76
Number of ASEAN-recognized professionals in accordance to Mutual Recognition Agreement (MRA) increased	-	-	225

Source: CHED Office of Planning, Research, and Knowledge Management Professional Regulation Commission

Top PH HEIs in World University Rankings

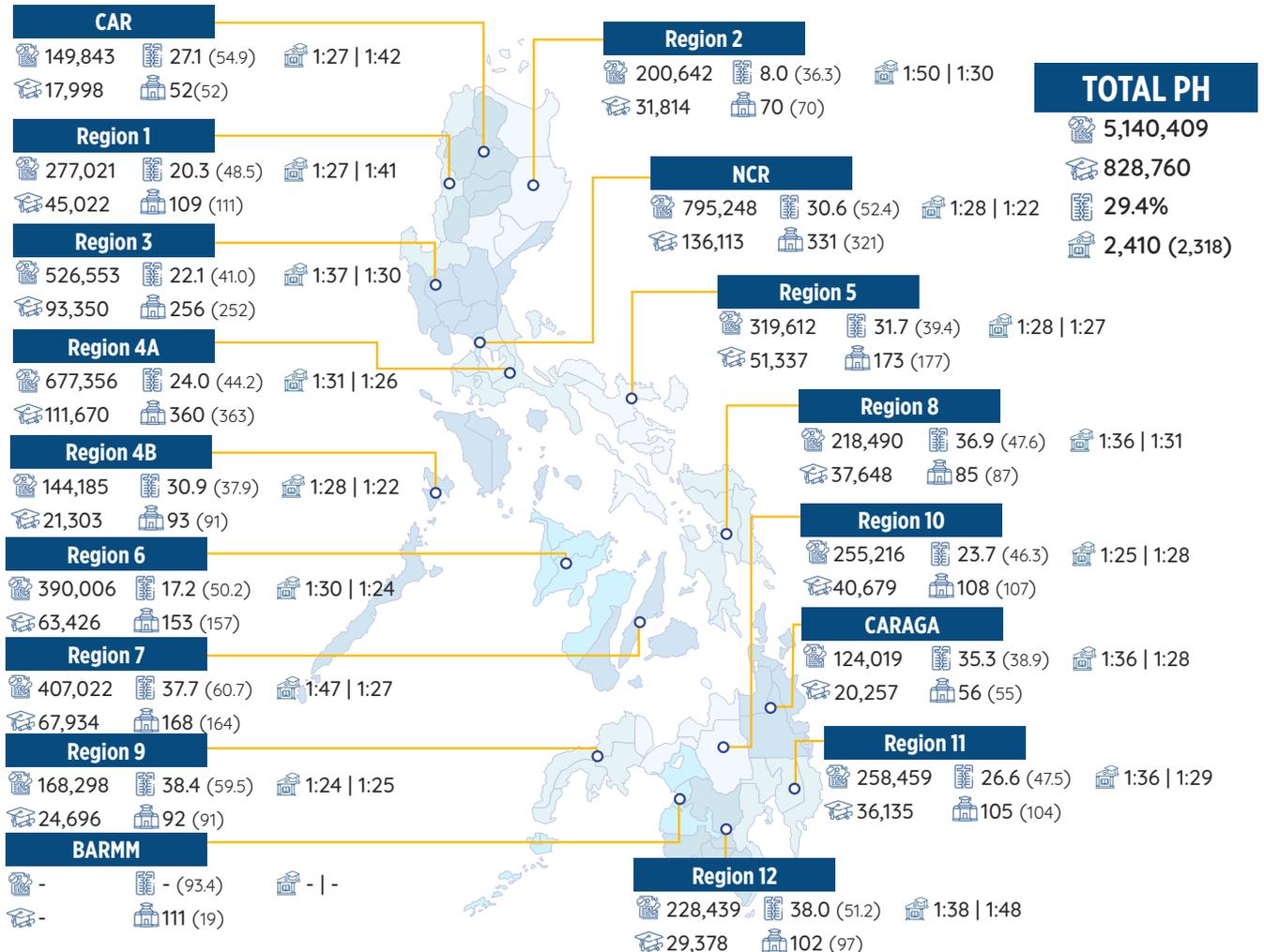
	University of the Philippines	THE 1201-1500 (-)	QS 362 ↓
	Ateneo De Manila University	THE 1201-1500 (-)	QS 551 ↑
	De La Salle University	THE 1501+ (-)	QS 654 ↓
	University of Sto. Tomas	THE 1501+ (-)	QS 851-900 (-)
	Adamson University	THE -	QS 511
	Mapua University	THE 1501+ (-)	QS 1401+ ↑
	Mindanao State University - IIT	THE 1501+ ↑	QS -

Notes: Arrows denote change in ranking from previous year; (-) means ranking is retained from the previous year.

Source: Times Higher Education Website, QS Top Universities Website



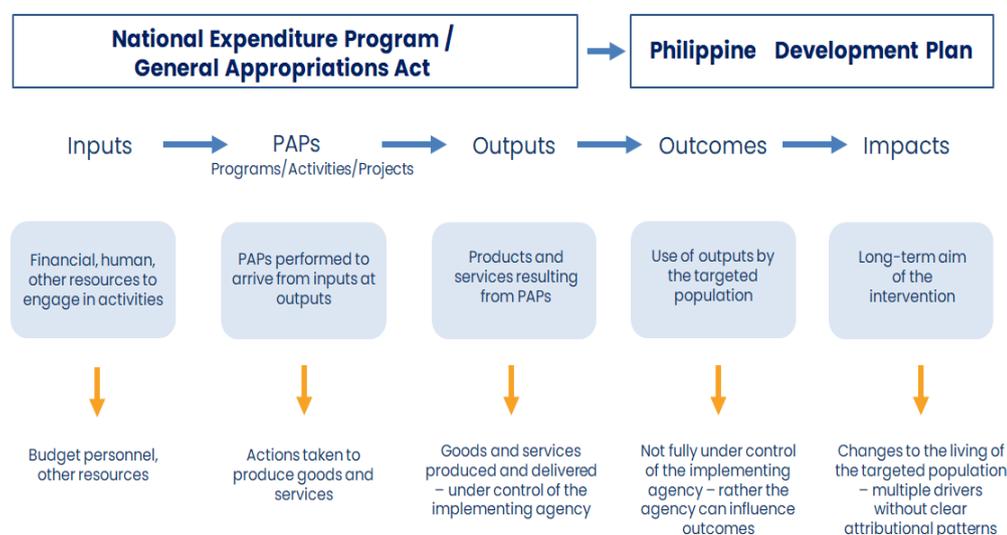
Higher Education Access Statistics



*Attrition Rates are drop-out rates for the whole cohort from the first to the fourth year
Source: CHED Office of Planning, Research, and Knowledge Management

Results Accountability: “Dapat May Kwento ang Kwenta”

- ❑ The agency budget should inform Congress not only about proposed expenditures and past budget utilization, but more importantly, about the goods and services it delivers—and how these contribute to the results outlined in the development plan.
- ❑ The alignment of the **Agency Budget** to the **Philippine Development Plan (PDP) 2023–2028** is established through performance indicators across the results chain—from inputs and programs, activities, and projects (PAPs) to outputs, outcomes, and impacts. The PDP and its Results Matrices define outcome and impact indicators that track improvements in the lives of Filipinos, consistent with the 8-Point Socioeconomic Agenda and *AmBisyon Natin* 2040. The agency budget complements this by specifying output indicators, resource allocations, and the services to be delivered.



QUESTIONS:

- What key result areas in the Philippine Development Plan does the agency contribute to?
- Which PDP performance indicators are relevant to the agency, and what is the progress toward their targets?
- How do the agency’s programs, activities, and projects support PDP outcomes and impacts?
- What are the main outputs (products and services) delivered, and how do they contribute to PDP targets?
- How are budget allocations aligned with programs that advance PDP priorities?
- What is the agency’s budget utilization rate, and how does it relate to output delivery?
- How is efficiency being measured and improved in the use of resources?
- To what extent have outputs translated into meaningful outcomes and impacts?
- What challenges are hindering progress, and what corrective measures are being taken?
- What strategies are in place to sustain or strengthen the agency’s contribution to PDP goals in the coming years?

HIGHLIGHTS

- ❑ *Expenditure Program.* The total proposed appropriations for the Commission on Higher Education (CHED) in 2026 lowered to P34.0 billion—of which 97.5% (P33.1 billion) are new appropriations while the remaining 2.5% (P847.6 million) are automatic appropriations. By expense class, majority will go to Maintenance and Other Operating Expenses (MOOE) at P33.1 billion (97.4%), followed by Personnel Services (PS) at P575.3 million (1.7%), and the remaining P295.4 million (0.1%) for Capital Outlays (CO).
- ❑ *New Appropriations by Cost Structure.* New appropriations for CHED in 2026 amounts to P33.1 billion, which is P160.5 million lower than the P33.3 billion in 2025. Most of CHED's new appropriations will fund Operations with a proposed budget of P32.8 billion in 2026 or 98.8% of the total. In addition, General Administration and Support (GAS) will be allotted P152.8 million (0.5%), and Support to Operations (STO) with P245.6 million (0.7%).
- ❑ *Allocation by Major Programs.* The proposed Operations budget will fund the Higher Education Development Program (HEDP) with P32.2 billion, while the residual P591.1 million will support the Higher Education Regulation Program (HERP). Out of the proposed P32.2 billion for HEDP, P27.4 billion or 85.1% will go to the Universal Access to Quality Tertiary Education (UAQTE).

Key Issues and Challenges

- ❑ *Unfilled Positions.* From 164 in 2023, CHED's unfilled positions went up steadily to 184 in 2024 to 198 in 2025. Correspondingly, the share of unfilled positions to total *plantilla* positions increased from 23.5% in 2023 to 25.4% in 2024, and to 27% in 2025. The PIDS has noted that CHED faces significant challenges due to heavy workloads and understaffing across regional offices which has caused delays in decision-making and inefficiencies in program monitoring.
- ❑ *Budget utilization.* The decline in CHED's obligation rate from 82% in 2022 to P57.5% in 2024 has led to a spike in unused appropriations of more than thrice from P6.6 billion in 2022 to P22.5 billion in 2024—most of which was carried over as continuing appropriations in 2025. Overall disbursement rate of the agency similarly declined to 43.8% in 2024 from 54.8% in 2023.
- ❑ *Budgetary cut for HEDP.* The proposed 2026 funding for HEDP at P32.2 billion in 2026, albeit lower by P425.9 million than 2025, continues to account for the largest share of the CHED's budget. Note however that the Tertiary Education Subsidy (TES) component of the UAQTE is reduced to P20.7 billion in 2026 from its approved funding of P21.7 billion in 2025. TES offers financial support to economically-disadvantaged students and to students in areas without State or Local Universities/Colleges. Historically, the lack of

funding for TES had resulted in deficiencies and the program's inability to accommodate new students/scholars.

- ❑ *Lower actual performance vs targets.* Based on the Statistical Indicators of Philippine Development (Statdev) Report of the Philippine Statistical Authority (PSA), the CHED failed to achieve the following outcomes in the PDP for 2024: (i) increase in the licensure examination of teachers (LET) passing rate for elementary (46.7% vs 56% target), (ii) faculty qualifications (Hed) with MS/MA degrees (40.9 vs 41 target); and (iii) ratio of boys and girls in tertiary education (1:1.26 vs 1:1.4 target).

- ❑ It is imperative that the government addresses the deep structural problems facing the country's higher education system, as follows:
 - *High drop-out rates.* Despite the government's free tuition program under the Universal Access to Quality Tertiary Education Act (Republic Act No. 109310), nearly four out of 10 Filipino college students (or 39%) drop out of school. The situation in other regions is even more concerning, with 93.4% dropout rate in BARMM, 60.7% in Region 7, 59.9% in Region 9, and 54.9% in the CAR. The relatively high attrition rate in college education is partly driven by two interrelated factors of financial difficulties and pressures for employment. Unfortunately, poverty pushes many of our youth into the painful choice between continuing their education and helping their families put food on the table.
 - *Free tertiary education not reaching the poorest.* Based on the Second Congressional Commission on Education (EDCOM 2) Year 1 report, the share of students from the poorest households who benefited from the TES fell drastically from 75% in 2018 to 31% in 2022. Also, only 160,032 students from the poorest families received the TES in schoolyear 2023 to 2024, or barely 21.4% of the 749,204 total eligible students from 4Ps families based on a survey by the Department of Social Welfare and Development (DSWD).
 - *Lower tertiary education subsidies.* The new subsidy amount for the TES of P10,000 per semester can only avail a handful of degree programs namely Elementary Education, Technology and Livelihood Education (TLE), Criminology, Industrial Technology, and Tech-Voc Teacher Education. All other programs cost more than what the subsidy can cover potentially exacerbating the problem of high attrition rates in college education especially among poor students.
 - *Job-skills mismatch.* Despite the improvements in overall unemployment and underemployment in recent years, these averages mask deeper structural issues—that graduates are struggling to secure jobs aligned with their qualifications, while industries face shortages of the skilled workers they need. College graduates now account for the largest segment of the unemployed by education status, whereas high school graduates dominated it five years ago (Habito, 2025).

- In the June 2025 Labor Force Survey (LFS), college graduates account for 50.4% of the unemployed versus the 22.8% from Jr. High School, 13% from Sr. High School, and 9.4% from Elementary. Relatedly, the December 2023 Social Weather Survey (SWS) showed that joblessness was highest among college graduates at 22.1%, compared to 20.8% for junior high graduates, 20.3% for elementary graduates, and 8.7% among those who did not complete elementary education (Cariaso, 2025). It is therefore imperative to align the country's higher education system with the demands of the changing world.

- *Compliance with Audit Recommendations.* COA found implementation gaps in TES and other CHED scholarship programs. Deficiencies in program execution for TES resulted in a pecuniary loss that totals P15.8 billion while lapses in other CHED scholarship programs resulted to losses of P462.5 million. CHED has yet to fully implement the audit recommendations issued by COA regarding these observations.

TABLE OF CONTENTS

	Page
I. Mandate and Organizational Outcomes	1
II. Sources of Appropriations	2
Table 1 Sources of Funds (CHED), 2024-2026	2
III. Expenditure Program	3
Table 2 Expenditure Program, 2024-2026	3
Table 3 Expenditure Program by General Expense Class, 2024-2026	4
Table 4 Number of Authorized and Unfilled Positions, 2022-2026	4
IV. New Appropriations	4
Table 5 New Appropriations by Cost Structure, FY 2024-2026	5
Table 6 Summary of Programs for 2024-2026	6
V. Performance Review	6
Table 7 Obligation-Appropriations Ratio and Unused Appropriations, 2022-2024	7
Table 8 Disbursement Rate, 2022-2024	7
Table 9 Budget Utilization by Major Program, 2024	8
Table 10 Performance Indicators of Major Programs, 2022-2026	9
VI. COA Findings and Recommendations	12
References	13

COMMISSION ON HIGHER EDUCATION *

I. MANDATE AND ORGANIZATIONAL OUTCOMES

- 1.1 **Mandate.** The Commission on Higher Education (CHED) was established in 1994 through Republic Act (RA) No. 7722 or the Higher Education Act of 1994. To achieve 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 responsible for monitoring and assessing the performance of higher education programs and evaluating the quality of education offered by both public and private higher education institutions (HEIs).
- 1.2 Grounded in *AmBisyon Natin 2040*, the Philippine Development Plan (PDP) 2023-2028 continues to be anchored in the country's pursuit for a strongly rooted, comfortable, and secure life for every Filipino. The PDP's overarching goal is to achieve economic and social transformation for a prosperous, inclusive, and resilient society through the application of the lessons learned while addressing the economic scarring from the pandemic. In order to realize this goal, one of the objectives formulated in the PDP is to develop and protect capabilities of individuals and families, under which is the strategy to promote human and social development.
- 1.3 Specifically, towards attaining a globally competitive higher education and improve research output for a broader knowledge-based economy, the CHED should be able to monitor the progress and improve on the following key outcome indicators:
- Number of higher education institutions (HEI) in reputable international rankings;
 - licensure examination passing rate for teachers, and across all disciplines;
 - number of ASEAN recognized professionals (e.g., engineers, nurse, architect) in accordance with the Mutual Recognition Arrangement;
 - Faculties with master's and doctorate degrees;
 - Ratio of boys and girls in tertiary education.
- 1.4 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

**This document was prepared by Coleen Abigail V. Villaluz as input to the deliberations of the House Committee on Appropriations on the FY 2026 proposed National Budget. The report benefitted from the inputs of OIC-Director Ricardo P. Mira and Executive Director Novel V. Bangsal, and from the overall guidance of Deputy Executive Director Pamela Diaz-Manalo and Director General Romulo EM Miral, Jr., PhD. The layout/design of the infographics and Quick Facts by the CPBRD Publications Team 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.*

focused on the development and regulation of higher education which includes providing scholarships to both students and faculties of HEIs.

II. SOURCES OF APPROPRIATIONS

- 2.1. The total available appropriations for CHED will decline by 38.6% to P34.0 billion in 2026 from P55.4 billion in 2025. Of which, P33.1 billion (97.5%) will be sourced from new appropriations while the remaining P847.6 million (2.5%) are automatic appropriations. While the proposed new appropriations will slightly decline by 0.5% in 2026, CHED's automatic appropriations will fall by 44.2% to P847.6 million from P1.6 billion in 2025. Note that the 2025 total available appropriations 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 are carried over to the next fiscal year. From P5.3 billion in 2023, CHED's continuing appropriations (actual) will balloon to P14.4 billion in 2024, and further up to P20.5 billion in 2025. Majority of the 2024 and 2025 continuing appropriations at 87.6% and 97.4%, respectively, came from the unobligated releases for Maintenance and Other Operating Expenses (MOOE) in the General Appropriations Act (GAA). Other continuing appropriations in 2025 include unobligated releases for MOOE amounting to P168.5 million from the Higher Education Development Fund (HEDF), P173.3 million from the Agricultural Competitiveness Enhancement Fund (ACEF), and unobligated releases for Capital Outlays (CO) amounting to P198.4 million.

TABLE I
SOURCES OF FUNDS, 2024-2026
COMMISSION ON HIGHER EDUCATION

PARTICULARS	Amounts (in Million Pesos)			Share to Total Appropriations		
	2024	2025	2026	2024	2025	2026
New Appropriations	36,690.6	33,310.3	33,149.8	69.4	60.1	97.5
Supplemental Appropriations	-	-	-	-	-	-
Automatic Appropriations	1,638.6	1,572.9	847.6	3.1	2.8	2.5
Continuing Appropriations	14,442.6	20,514.0	-	27.3	37.0	-
Budgetary Adjustments	77.2	-	-	0.1	-	-
Total Available Appropriations*	52,849.1	55,397.2	33,997.4	100.0	100.0	100.0
LESS: Unused Appropriations	(22,481.2)	(20,514.0)	-			
Total Obligations	30,367.9	34,883.2	33,997.4			

Note: Totals may not add up due to rounding off.
Source of basic data: FY 2026 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. Budgetary transfers in 2024 reached P77.2 million. Transfers were made to the Commission for Personnel Benefits (P28.5 million), from the

Pension and Gratuity Fund (PGF) (P5.6 million), from the Department of Health (P16.9 million), and from unprogrammed appropriations (P26.2 million).

- 2.4. On top of the proposed appropriation of P34.0 billion in 2026, CHED will also receive an additional funding of P799.1 million from the Higher Education Development Fund (HEDF) under its Special Provisions. The Fund will be sourced from travel tax collections, lotto operations sales, and Professional Regulation Commission collections pursuant to RA 7722¹. The Higher Education Act specifies that the HEDF will be used exclusively for the strengthening of higher education.
- 2.5. According to the Special Provisions in the proposed National Expenditure Program (NEP), CHED shall use the endowment to ensure that the full requirements of existing scholars are guaranteed with continued funding, including Tertiary Education Subsidy (TES) grantees particularly those from low-income households. In choosing scholars, CHED is also mandated to prioritize global innovation platforms of Science, Technology, Engineering, Agri-fisheries, and Mathematics as well as the government’s key growth areas such as electronics, business process outsourcing (BPOs), and tourism, among others.

III. EXPENDITURE PROGRAM

- 3.1. The Commission’s proposed expenditure program will decline to P34.0 billion in 2026 from its approved funding of P34.9 billion in 2025. Despite the slight decrease, the proposed budget in 2026 is P3.6 billion higher than in 2024.

TABLE 2
EXPENDITURE PROGRAM, 2024-2026
(AMOUNTS IN MILLION PESOS)

Year	Amount	Increase/(Decrease)	Growth Rate (%)
2024 Actual	30,367.9	3,614.6	13.5
2025 Program	34,883.2	4,515.2	14.9
2026 Proposed	33,997.4	(885.7)	(2.5)

Source of basic data: FY 2026 BESF

- 3.2. *By Expense Class.* Although P1.2 billion lower than in 2025, Maintenance and Other Operating Expenses (MOOE) account for the majority of CHED’s 2026 proposed budget at P33.1 billion (97.1%). On the other hand, Capital Outlays (CO) will jump to P295.4 million in 2026 from merely P26.3 million in 2025, while Personnel Services (PS) will increase by 16.2% to P575.3 million in 2026 from P495.2 million in 2025.

¹ Higher Education Act of 1994

TABLE 3
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2024-2025
(AMOUNTS IN MILLION PESOS)

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2024	2025	2026	2024	2025	2026
PS	570.7	495.2	575.3	1.9	1.4	1.7
MOOE	29,489.5	34,361.7	33,126.8	97.1	98.5	97.4
CO	307.7	26.3	295.4	1.0	0.08	0.87
Fin Ex	-	-	-	-	-	-
TOTAL CHED	30,367.9	34,883.2	33,997.4	100.0	100.0	100.0

Source of basic data: FY 2026 BESF

- 3.3. *Staffing Summary.* Table 4 presents the summary of unfilled positions in CHED from 2022 to 2026. From 164 in 2023, CHED's unfilled positions went up steadily to 184 in 2024 to 198 in 2025. Correspondingly, the share of unfilled positions to total *plantilla* positions increased from 23.5% in 2023 to 25.4% in 2024, and to 27% in 2025. According to the Philippine Institute for Development Studies (PIDS, 2024), the CHED faces significant challenges due to heavy workloads and understaffing across regional offices. The overstretching of resources has led to delays in decision making and program monitoring, weighing heavily on the development of the sector. Moreover, staffing levels vary significantly across regions, leading to inconsistencies in service delivery and inefficiencies in supporting HEI needs, particularly in marginalized areas.

TABLE 4
NUMBER OF AUTHORIZED
AND UNFILLED POSITIONS, 2022-2026

Year	Authorized Positions	Unfilled Positions
2022	690	166
2023	689	164
2024	724	184
2025	732	198
2026	732	198

Source: FY 2023-2025 Staffing Summary

IV. NEW APPROPRIATIONS

- 4.1. *By Cost Structure.* The proposed new appropriations for CHED in 2026 at P33.1 billion is P160.5 million lower compared to the P33.3 billion in 2025. By cost structure, the Operations budget for programs directly relating to its core mandate is set at P32.8 billion, which accounts for 98.8% of its total new appropriations in 2026. This is followed by Support to Operations (STO) with a funding of P245.6 million (0.7%) for expenses on staff or technical support needed for operations that do not directly produce goods or services to the agency's client group. Finally, the General Administration and Support (GAS) will have

the lowest allocation of P152.8 million (0.5%) for the administrative management and operational support to agency operations (*Table 5*).

- 4.2. The proposed new appropriations in 2026 is pulled down by the P412.4 million reduction in the Operations budget. In contrast, both the STO and GAS components went up. STO significantly increased by P236.5 million from P9.2 million in 2025, while GAS increased by P15.5 million in 2026 from P137.4 million in 2025.

TABLE 5
NEW APPROPRIATIONS BY COST STRUCTURE, FY 2024-2026

Agency	Amounts (In Million Pesos)			Share to Total Department (%)		
	2024	2025	2026	2024	2025	2026
General Administration and Support	287.8	137.4	152.8	0.8	0.4	0.5
Support to Operations	13.1	9.2	245.6	0.04	0.03	0.7
Operations	36,389.7	33,163.7	32,751.3	99.2	99.6	98.8
TOTAL CHED	36,690.6	33,310.3	33,149.8	100.0	100.0	100.0

Note: Totals may not add up due to rounding off.
Sources of basic data: GAA 2024-2025, NEP 2026

- 4.3. *By Major Programs.* Higher Education Development Program (HEDP) continues to take the lion share of CHED's Operations budget with an allocation of P32.2 billion or 98.2% of the total. Despite a P425.9 million decline from its 2025 funding of P32.6 billion, major sub-programs under the HEDP have increased allocations except the Medical Scholarship and Return Service Program which remains the same. Meanwhile, the budget for Higher Education Regulation Program (HERP) slightly increased by 2.3% to P591.1 million in 2026 from P577.6 million in 2025.
- 4.4 Universal Access to Quality Tertiary Education (UAQTE) is the largest sub-program of CHED under the HEDP. It is designed to provide free, high-quality tertiary education and is divided into two main components: (i) Free Higher Education (FHE), which covers tuition and other fees for students attending local universities or colleges (LUCs) and state universities and colleges (SUCs); and (ii) Tertiary Education Subsidy (TES), which offers financial support to students in areas without SUCs/LUCs and to economically disadvantaged students to help cover their higher education expenses.
- 4.5 The proposed budget for UAQTE in 2026 reached P27.4 billion, P159.0 million higher than its approved 2025 funding of P27.2 billion. Although overall allocation for UAQTE will go up, its TES component is set to receive a reduced funding of P20.7 billion in 2026 from its approved budget of P21.7 billion in 2025. This decline was offset by an increase in FHE funding as it increases to P6.7 billion in 2026 from P5.5 billion in 2025. In the budget hearing for the 2025 national budget, CHED raised that a P20.7 billion allocation for TES is not enough and a P2.7 billion congressional augmentation was crucial to sustain the TES and

Tulong Dunong programs year-on-year.² Aside from the proposed allocations for TES, the CHED En Banc is authorized to use the HEDF for TES grantees from lower income households. The PIDS previously recommended the adoption of a strategic framework to optimize HEDF utilization, prioritizing sustained investments in capacity building, faculty development, and infrastructure, particularly in underserved areas.³

TABLE 6
SUMMARY OF PROGRAMS FOR 2024-2026

Program	Amount (In Million Pesos)			% Share to Total Program			Growth Rates 25-26 (%)
	2024	2025	2026	2024	2025	2026	
Higher Education Development Program	35,906.5	32,586.1	32,160.2	98.7	98.3	98.2	(1.3)
Of which: Universal Access to Quality Tertiary Education	28,958.2	27,247.7	27,406.8	79.6	82.2	83.7	0.6
Provision of assistance and incentives, scholarships and grants through Student Financial Assistance Programs	1,516.9	1,516.9	2,154.4	4.2	4.6	6.6	42.0
Medical Scholarship and Return Service Program	500.0	910.0	910.0	1.4	2.7	2.8	-
Financial Assistance for Post Graduate Students	505.0	505.0	1,193.0	1.4	1.5	3.6	136.2
Higher Education Regulation Program	483.2	577.6	591.1	1.3	1.7	1.8	2.3
Of which: Monitoring and evaluation of performance of higher education programs	337.7	413.9	391.3	0.9	1.2	1.2	(5.4)
Development of standards of excellence for higher education programs and institutions	52.9	79.7	89.1	0.1	0.2	0.3	11.8
Legal Education Regulation Program	77.7	66.8	66.8	0.2	0.2	0.2	-
TOTAL	36,389.7	33,163.7	32,751.3	100.0	100.0	100.0	(1.2)

Note: Allocations for programs and total operations are inclusive of locally-funded and foreign-assisted projects.
Source: GAA 2024-2025 and NEP 2026

4.6 In addition to UAQTE, the Higher Education Development Program (HEDP) also encompasses other sub-programs that offer scholarships and financial support. These include the Student Financial Assistance Programs (StuFAPs) and the Financial Assistance for Post Graduate Students (FAPGS) with a funding of P2.2 billion and P1.2 billion, respectively, in 2026. Both are set to receive higher levels from their approved budgets in 2025. The budget for the Medical Scholarship and Return Service (MSRS) Program at P910 million in 2026 is the same as its approved budget in 2025.

V. PERFORMANCE REVIEW

5.1 The Obligation-Appropriations Ratio (OAR) measures the extent to which an agency utilizes its appropriations. When an agency obligates its appropriations, it enters into a binding commitment to pay, either immediately or eventually, a specified amount for the delivery of goods and services by employees, suppliers, or contractors on its behalf. As shown in Table

² August 8, 2024 Committee on Appropriations hearing on the CHED 2025 proposed budget

³ <https://www.pids.gov.ph/details/news/press-releases/pids-study-urges-reform-for-ched-reforms-to-elevate-ph-higher-education>

7, the decline in CHED’s obligation rate from 82% in 2022 to P57.5% in 2024 have led to a spike in unused appropriations of more than thrice from P6.6 billion in 2022 to P22.5 billion in 2024.

TABLE 7
OBLIGATION-APPROPRIATIONS RATIO
AND UNUSED APPROPRIATIONS, 2022-2024

Year	Obligation-Appropriations Ratio (%)	Unused Appropriations (In Million Pesos)
2022	82.0	6,562.8
2023	63.7	15,275.8
2024	57.5	22,481.2

Sources of basic data: NEP 2024- 2026

5.2 Disbursements refer to the actual payment for budgetary obligations (BESF, 2022). In 2024, CHED was able to disburse P23.1 billion of its P52.8 billion appropriations, slightly higher than the disbursements in 2023. CHED’s disbursement rate, however, has steadily declined from 66.5% in 2022 to 43.8% in 2024. The lower disbursement rate in 2024 reflects the Commission’s limited absorptive capacity to fully utilize the P10.8 billion additional appropriations it received during the period.

TABLE 8
DISBURSEMENT RATE, 2022-2024
(AMOUNTS IN MILLION PESOS)

Particulars	2022	2023	2024
Appropriations	36,444.5	42,029.1	52,849.1
Disbursements	24,219.2	23,043.5	23,138.2
Disbursement Rate (%)	66.5	54.8	43.8

a/ Disbursement rate – ratio of disbursements to appropriations

Source: 2022-2024 SAAODB, DBM

5.3 Table 9 presents the budget utilization of CHED’s major programs and some of its sub-programs in 2024. The Higher Education Regulation Program reported a high obligation rate of 93.5% coupled with a disbursement rate of 82.5%. Good utilization performance of the program is largely attributed to HERP’s largest sub-program–i.e., monitoring and evaluation of performance of higher education and institutions. This sub-program posted obligation and disbursement rates of 98.1% and 89.9%, respectively. On the other hand, the development of standards of excellence for higher education programs and institutions sub-program, which also has a significant share of the funding for HERP, achieved a lower obligation rate of 76.6% and lower disbursement rate of 49.5%.

5.4 CHED’s main program, the Higher Education Development Program, posted a much lower obligation rate of 57.2% and a disbursement rate of 43.7% in 2024 as opposed to HERP. Low fund utilization was mainly due to the sub-programs related to UAQTE. The *Tulong Dunong* Program (TDP) was only able to obligate 23.8% and disburse 19.3% of its 2024 appropriations of P4.8 billion in 2024. TES similarly posted low utilization rates, obligating

and disbursing only 34.0% and 25.8%, respectively, of its P23.9 billion appropriations. According to the Unified Student Financial Assistance System for Tertiary Education (UniFAST), low utilization rates for TES and TDP were caused by delays in the validation of new grantees for 1st semester 2024-2025 alongside DICT-related problems. UAQTE on the other hand was able to report much higher utilization rates with obligation at 97.1% and disbursement rate at 72.4% in 2024.

TABLE 9
BUDGET UTILIZATION BY MAJOR PROGRAM, 2024
(AMOUNTS IN MILLION PESOS)

Program/Implementing Agency	Appropriations	Obligations	Disbursements	Obligation Rate (%) ^{a/}	Disbursement Rate (%) ^{b/}
Higher Education Regulation Program	529.3	495.2	436.7	93.5	82.5
Of which:					
Monitoring and evaluation of performance of higher education	372.0	365.1	334.4	98.1	89.9
Development of standards of excellence for higher education programs and institutions	60.0	46.0	29.7	76.6	49.5
Higher Education Development Program	48,377.2	27,694.8	21,124.0	57.2	43.7
Provision of assistance and incentives, scholarships and grants through Student Financial Assistance Programs	1,810.0	1,534.1	1,336.6	84.8	73.8
Universal Access to Quality Tertiary Education	15,475.2	15,032.1	11,202.8	97.1	72.4
<i>Tulong Dunong</i> Program	4,837.3	1,152.6	934.2	23.8	19.3
Tertiary Education Subsidy	23,935.4	8,139.4	6,178.1	34.0	25.8
Financial Assistance for Post Graduate Students	929.0	728.2	645.5	78.4	69.5
Medical Scholarship and Return Service Program	667.3	655.1	619.7	98.2	92.9

a/ Obligation rate – ratio of obligations to appropriations

b/ Disbursement rate – ratio of disbursements to appropriations

Source: 2023 SAAODB (FAR No. 1 in Transparency Seal: GAA Fund 01)

5.5 Conversely, other scholarship programs under the HEDP posted improved utilization rates in 2024. The agency’s MSRS reported the highest utilization among its programs with an obligation rate of 98.2% and disbursement rate of 92.9%. The StuFAPs was also able to obligate 84.8% and disburse 73.8% of its funding. Finally, the FAPGS posted relatively high utilization rates as it obligated 78.4% and disbursed 69.5% of its 2024 funding.

5.6 The 2026 NEP uses the Program Expenditure Classification (PREXC) to present the Operations budgets of national government agencies (NGAs). It is a budgeting reform that aims to tighten the link between the agency strategies, budget allocations, and desired results especially in terms of benefits to citizens. Under PREXC, the Operations budgets of agencies are structured by Programs comprising related activities and projects contributing to a common Organizational Outcome (OO).

5.7 Programs in the NEP contain performance indicators which are useful inputs in assessing the efficiency and effectiveness of service delivery by NGAs. The NEP reports by performance indicator (at output and outcome levels) the accomplishments of NGAs vis-à-vis Program targets. Such information can be used to assess the soundness of agency budget proposals considering levels of past accomplishments and targets for the coming fiscal year.

**TABLE 10
PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2024-2026**

Program	Actual vs (Target)			Target	
	2022	2023	2024	2025	2026
Sectoral Goal/Outcome: Lifelong learning opportunities for all ensured, income-earning ability increased, technology adoption promoted and accelerated, and innovation stimulated					
Higher Education Development Program					
Outcome Indicators					
Percentage of tertiary graduates in science, engineering, manufacturing and construction	42.74% (40%)	39.61% (40%)	45.4% (40%)	39.95% (240,908/603,000)	36% (358,800/780,000)
Number and percentage increase of government industry-academe collaboration/cooperation on research and innovation projects and joint ventures, consultancy contracts and supervisory-faculty exchange.	239; 28.87% (115;18%)	420; 43.10% (225;32%)	239; 0% (225;32%)	420 (43.10%) (181/420)	250 (4.60%) (11/239)
Percentage of scholarship grantees from CHED completing their courses in priority programs	86.40% (80%)	93.68% (91.77%)	85.75% (79.98%)	94% (6,196/6,592)	86% (897/1,043)
Output Indicators					
Number of scholarship and student grants awarded.	63,261 (58,025)	24,231 (24,170)	21,391 (20,394)	25,827	23,337
Number of faculty members provided with faculty development grants.	2,099 (2,300)	1,692 (2,300)	1,495 (750)	2,055	2,000
Number of research, development and innovation project proposals funded.	113 (100)	114 (130)	131 (130)	114	135
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.	20.33% (18%)	18.32% (18%)	18.48% (18.15%)	18.32% (431/2,353)	20.01% (485/2,424)
Percentage increase of higher education graduates able to demonstrate excellence in the 21st century global knowledge economy.	0% (6%)	10.34% (6%)	21.07% (6%)	11% (73,537/668,521)	10% (76,305/763,048)
Percentage of HEIs is subjected to reform.	15.8% (13%)	22.89% (20%)	22.84% (22.04%)	22.89% (452/1,975)	25.10% (500/1,992)
Output Indicators					
Number and percentage of public and private HEIs visited/inspected/subjected to standards.	1,215; 61.51% (1,200; 61%)	1,253; 63.77% (1,250; 64%)	1,315; 66.01% (1,295; 65.01%)	1,255 (63.87%) (1,255/1,965)	1,380 (69.28%) (1,380/1,992)
Percentage of HEIs given incentives for offering quality higher education programs.	14.07% (12%)	12.48% (12%)	11.92% (11.63%)	12.52% (300/2,396)	12% (291/2,424)
Percentage of permits issued within the prescribed period.	31% (30%)	30.86% (30%)	30.21% (30%)	30.86% (300/1,092)	32.00% (320/1,000)

Source: NEP 2026

- 5.8 Table 10 presents the performance of CHED’s major programs for 2022 to 2024 and their targets for 2025 and 2026. The CHED was able to meet two out of three of its outcome targets for HEDP in 2024. Only the target for indicator on government industry-academe collaboration on research/innovation projects was not achieved. All output targets were likewise exceeded in 2024, an improvement from 2023 when only the target number of scholarships and student grants was met. This is also true with the HERP, wherein CHED overperformed vis-à-vis its targets in 2022 to 2024 except for the outcome indicator “percentage increase of higher education graduates able to demonstrate excellence in the 21st century global knowledge economy” where it posted zero accomplishment versus the 6% target in 2022.
- 5.9 Meanwhile, the CHED has met its targets in five (5) out of eight (8) outcome indicators in the PDP 2023 to 2028 on “attaining a globally competitive higher education, and improved research output for a broader knowledge economy.” As reported in the Statistical Indicators of Philippine Development (Statdev) of the Philippine Statistical Authority (PSA), actual accomplishments in the following indicators exceeded the targets namely: (i) number of HEIs in reputable international rankings increased (95 vs 24 target in 2024), (ii) increase in the passing rate of licensure examination of teachers (LET) for secondary school (58.8% vs 55% in 2024), (iii) increase in the passing rate of licensure examination for all disciplines for overall takers (50.7% vs. 42% in 2023) and (iv) first-time takers (67.7% vs 61% in 2023); (v) faculty qualifications with Ph.D (17.6 vs 16 in 2024). It failed, however in the following indicators in 2024 namely (i) increase in the LET passing rate for elementary (46.7% vs 56%), (ii) faculty qualifications (Hed) with MS/MA degrees (40.9 vs 41); and (iii) ratio of boys and girls in tertiary education (1:1.26 vs 1:1.4).
- 5.10 Establishing the linkage between HEDP program outputs and outcomes outlined in the NEP, and the broader sector outcomes under the PDP remains a challenge. Current outputs emphasize scholarships, grants, and funded research projects, whereas outcomes highlight graduate production in priority fields such as science and engineering, strengthened government–industry–academe collaboration, and completion of priority programs by grantees. To effectively support the goal of expanding access to priority sectors, these areas should also be explicitly reflected in the program outputs.
- 5.11 Sector outcomes outlined in the PDP are “Transformative lifelong learning opportunities for all ensured’ and more specifically ‘Globally competitive and inclusive TVET and higher education, and improved research output attained for a broader knowledge economy’. However, PDP performance indicators for higher education are largely emphasized on the latter. There may be a need to determine indicators that measure the accessibility of quality tertiary education brought about by the higher education programs of CHED.
- 5.12 *High drop-out rates.* During his privilege speech on 01 September 2025, Representative Jude Acidre of the Tingog Partylist raised the alarm on structural issues and problems confronting the country’s higher education system. Despite the government’s free tuition program under the Universal Access to Quality Tertiary Education Act (Republic Act No. 109310), nearly

four out of 10 Filipino college students (or 39%) drop out of school. The situation in other regions is even more alarming—with 93.4% dropout rate in BARMM, 60.7% in Region 7, 59.9% in Region 9, and 54.9% in the CAR. The relatively high attrition rate in college education is partly driven by two interrelated factors of financial difficulties and pressures for employment. Unfortunately, poverty pushes many of our youth into the painful choice between continuing their education and helping their families put food on the table.

- 5.13 *Tertiary education subsidies not reaching the poorest.* There are also problems with the allocation of the TES to intended beneficiaries especially from the underprivileged households. Based on the Second Congressional Commission on Education (EDCOM 2) Year 1 report, the share of students from the poorest households who benefited from the TES fell drastically from 75% in 2018 to 31% in 2022. Also, only 160,032 students from the poorest families received the TES in schoolyear 2023 to 2024, or barely 21.4% of the 749,204 total eligible students from 4Ps families based on a survey by the Department of Social Welfare and Development (DSWD).
- 5.14 *Lower tertiary education subsidies.* Moreover, with the new subsidy amount for the TES of P10,000 per semester (tuition fee), only a handful of degree programs may be availed such as Elementary Education, Technology and Livelihood Education (TLE), Criminology, Industrial Technology, and Tech-Voc Teacher Education. All other programs cost more than what the subsidy can cover leaving the students especially the poorest ones with limited choices and often forcing them either to stretch their family's meager income or to drop out entirely.
- 5.15 More than the number of enrollments, equity in tertiary education is about ensuring that the poorest students no matter where they live have a fighting chance of completing college education. Together with EDCOM 2, Congress has advocated for the prioritization of the poorest of the poor in the TES consistent with the intent of RA 10931. The law has increased the share of the poorest grantee from zero in 2022 to 2023 to 27% in 2023 to 2024. Furthermore, the proposed amendments to RA 10931 should be pursued to ensure that the TES subsidy must be automatic (with no need of additional documentation and burdensome paper works) for senior high school (SHS) graduates from 4Ps families as well as students coming from households whose incomes fall below the poverty line.
- 5.16 *Job-skills mismatch.* Another concern on the country's higher education system is the case of jobless college students. College graduates now account for the largest segment of the unemployed by education status, whereas high school graduates dominated it five years ago (Habito, 2025). In the June 2025 Labor Force Survey (LFS), college graduates account for 50.4% of the unemployed versus the 22.8% from Jr. High School, 13% from Sr. High School, and 9.4% from Elementary. Relatedly, the December 2023 Social Weather Survey (SWS) showed that joblessness was highest among college graduates at 22.1%, compared to 20.8% for junior high graduates, 20.3% for elementary graduates, and 8.7% among those who did not complete elementary education (Cariaso, 2025).

5.17 Despite the improvements in overall unemployment and underemployment in recent years, these averages mask deeper structural issues—that graduates are struggling to secure jobs aligned with their qualifications, while industries face shortages of skilled workers they need. This is also symptomatic of a weakening economy in dire need of a big boost in investments that create higher-level jobs. Thus, the CHED has strongly emphasized the need to align the country’s educational system with the demands of the changing world. The CHED has been advocating for reforms that place innovation and equity at the core of Philippine higher education towards meaningful and sustainable employment for all graduates.

VI. COA FINDINGS AND RECOMMENDATIONS

6.1 Pursuant to its constitutional mandate, the Commission on Audit (COA) submits copies of its Annual Audit Reports (AAR) to the President and to Congress on the financial condition and operation of government agencies and local government units.

6.2 COA raised the following audit observations in 2023 on similar major activities of CHED due to **pecuniary losses**:

- *Tertiary Education Subsidy (TES) Program*. Recurring problems in the implementation of TES such as the (1) delayed release of TES funds by CHED-Regional Office XII amounting to P1.8 billion; (2) overpayment/double payment of scholarship grants totaling P210,000; (3) unliquidated releases of TES grants to HEIs in 4 ROs reaching P13.5 billion; and (4) P529.1 million in disbursements that lack supporting documents are reported by COA. The same miss-outs in program execution have already been flagged in audit reports for the past years. According to COA validation, audit recommendations for (1) and (2) are not yet implemented. On the other hand, audit recommendation for (3) had been partially implemented while (4) was already fully implemented.
- *CHED Scholarship Programs (StuFAPs)*. Lapses in the implementation of StuFAPs have resulted to: (1) overpayment/double payment of scholarship grants amounting to P1.5 million, (2) unliquidated fund transfers worth P461.0 million, and (3) payments that lack supporting documents. COA validation shows that audit recommendations for (1) and (3) have been partially implemented by concerned ROs while (2) has not been implemented as of the latest report.

6.3 As part of its AAR, COA reports observed deficiencies of Gender and Development (GAD)-related programs, projects, and activities (PPAs). From the reported P798.3 million funds used for GAD PPAs, observations noted are: (1) inclusion of GAD PPs with no funding under the 2023 GAA, (2) non-submission of the status report for the implementation of the prior year’s audit recommendation, and (3) failure to submit GAD plan and budget and other supporting documents needed for GAD programs and activities.

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