

F. 1-4/MoFE&PT/PEIRA/P&C/FD/2020/1092
Ministry of Federal Education & Professional Training (FE&PT)
Private Educational Institutions Regulatory Authority (PEIRA)

Islamabad: August 06, 2021

Subject: **Fee-Determination Policy for PEIs Operating in ICT**

This is with reference to the judgement of the Honorable Islamabad High Court (IHC) on W.P. No. 2274 of 2019 dated February 28, 2020, in pursuance to which ICT-PEIRA initiated the process for developing a transparent and comprehensive fee determination policy for PEIs- *private educational institutions* in ICT- *Islamabad Capital Territory*, in accordance with its mandate.

2. Keeping in view the background of fee-determination issue, previous litigations, parents' and school owners' valid concerns, ICT-PEIRA made efforts to devise a sustainable solution to the issue of fee-determination, based on rationality and transparency, through a participatory approach, wherein, all stakeholders including parents and PEIs' representatives were given due representation through various consultative sessions and meetings.

3. Therefore, in pursuance of functions and power enunciated under Section 4 (c) and Section 5 [1.] (a), (b) of the *Islamabad Capital Territory Private Educational Institutions (Registration and Regulation) Act, 2013*, ICT-PEIRA is pleased to announce that after extensive revisions, the "**Fee-Determination Policy for PEIs in ICT**" has been approved, and, hereby notified for compliance by all private educational institutions (up to higher secondary level or equivalent) operating in Islamabad Capital Territory (e-copy of the Policy is also available at <https://peira.gov.pk/downloads-3/>).

4. This issues with approval of the Competent Authority, in exercise of powers conferred under Section 7 [2.] of the *Islamabad Capital Territory Private Educational Institutions (Registration and Regulation) Act, 2013*. Failure to comply with the above-mentioned shall ensue initiation of appropriate action against the defaulter institution, as mandated under Section 16 and 19 of the *Islamabad Capital Territory Private Educational Institutions (Registration and Regulation) Act, 2013*.


Muhammad Javed Iqbal
Secretary (ICT-PEIRA)

✓ To
The Principal/ CEO/ Owner
All Private Educational Institutions Operating in ICT

Copy (for information) to:

- i. PSO to the Minister for Federal Education and Professional Training
- ii. P.S to the Secretary for Federal Education and Professional Training
- iii. P.S to the Additional Secretary for Federal Education and Professional Training
- iv. P.S to Chairperson (ICT-PEIRA)



Fee Determination Policy for PEIs in ICT



ISLAMABAD CAPITAL TERRITORY- PRIVATE EDUCATIONAL INSTITUTIONS REGULATORY AUTHORITY
Ministry of Federal Education and Professional Training- Government of Pakistan

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Preamble

The fee determination of Private Sector Schools has been a longstanding issue between the regulators and private schools across Pakistan. The regulators have been in the state of dilemma when the public demands for regulation of fees in private schooling, whereas, the private schools (which are being run under private limited companies etc.) see such move as a threat to the essence of a private enterprise. However, maintenance of a balance was crucial for designing a regulatory framework, by employing a realistic and flexible approach. Recently, the Supreme Court of Pakistan and Islamabad High Court also issued guiding principles for fee-determination by the regulators, while protecting the rights of private enterprises, entrusted under Article 18 of the Constitution of Islamic Republic of Pakistan.

Whereas, keeping in view the extent of litigations by the private sector schools and in order to address their valid concerns while keeping the spirit of a privately owned setup, PEIRA affirmed its commitment to develop a consensus in order to establish policy-ownership by PEIs, through engaging with all stakeholders (including representatives of PEIs and parents/ students) in the policy-making process, for which high-level consultative meetings were also held.

Therefore, the "Policy Guidelines for Fee-Determination of PEIs" in Islamabad Capital Territory have been devised while maintaining a balance, keeping in account the *quality of education* and *other facilities being offered* by school with a reasonable return over the referred expenses.



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Fee-Determination Policy for PEIs in ICT

1. Background & Mandate

The Private Educational Institutions Regulatory Authority- PEIRA is mandated (through the *Islamabad Capital Territory Private Educational Institutions (Registration and Regulation) Act, 2013* of the Parliament) to regulate fee of private educational institutions- PEIs. In purview of Section 4 (c) and Section 5 (a), (b) of the Act, PEIRA is mandated to regulate fee charged by PEIs (*up to higher secondary level or equivalent*) operating in Islamabad Capital Territory- ICT.

The function of fee determination requires to be performed according to regulatory provisions and judgements passed by the Honorable Courts of Law in different petitions, to develop a rationalized and comprehensive fee-determination policy.

Accordingly, in view of the concerns frequently raised by stakeholders including parents, schools' owners and students at various forums, all stakeholders were involved in the process of developing a transparent and quality-oriented fee-determination policy. These "Policy Guidelines for Fee-Determination of PEIs in ICT" are developed in order to make the fee-determination process based on rationality and transparency, which may also be adopted by provincial set-ups as "good practices" in the national context.



2. Fee Structure based Categories of PEIs

As per current statistics, PEIs in ICT mainly comprise three categories in terms of fee structure that are stated as follows: -

- a. **Low-Fee Private Institutions (LFPS):** These institutions have a fee-structure up to PKR 5000 per month. As per available statistics, approximately 83 % of schools in ICT fall under the category of LFPS. These schools are catering the educational needs of students from families with limited per capita income. Market competition is stronger among these schools to attract more admissions.
- b. **Moderate-Fee Private Institutions (MFPS):** These institutions have a fee-structure between PKR 5000 to 10000 per month which make around 6.5 % of the total number of institutions in ICT.
- c. **High-Fee Private Institutions (HFPS):** HFPS have a fee structure above PKR 10000 per month. The HFPS attract students from families with high per capita income. Market competition for quality and standards is more visible in these schools which comprise 10.5 % of total PEIs in ICT.

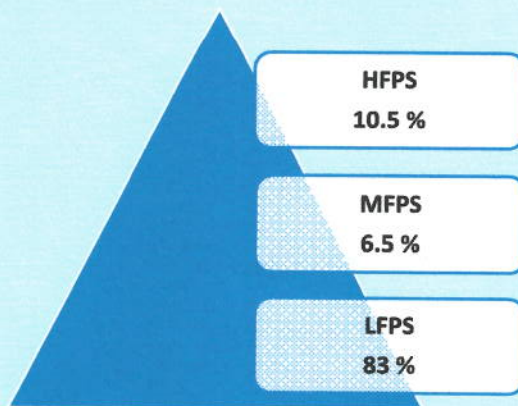


Fig 1.1 Fee Based Categorization of PEIs in ICT

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3. Principles for Fee-Determination in context of Judicial Verdicts

The issue of high fee charges has been raised by public at large and discussed extensively in various Courts of Law. Previously, the Supreme Court of Pakistan- SC (in year 2018) took up the matter and issued the order for fee-determination by the regulators¹. In pursuance to this, PEIRA issued notices/ directives to PEIs for fee-determination which were challenged in Islamabad High Court- (IHC) by various private schools' associations, based on the question of pertinence of SC's decision with private schools operating in ICT.

3.1. Misconception in ICT about Supreme Court's 2019 Judgement on Fee Determination

The Honorable Islamabad High Court (IHC), disposed-off the petitions² while referring to the SC's afore-stated decision as: -

"Judgement pertains to fixation and regulation of fee with respect to private educational institutions of Punjab and Sindh and directions were made by the august Apex Court for regulation of fee in accordance with the Rules framed under the statute governing the institutions", and that

"Since statutory provisions of Punjab and Sindh are different from the Islamabad Capital Territory, hence strict adherence to the guidelines and directions may not be practicable but as stated above guidance can be sought while regulating fee of private educational institutions in ICT".

¹ Ref. C.A No. 1095-1097 and 1021- 1026 of 2018- judgements dated June 12 and September 09 of the year 2019.

² Ref. W.P. No. 2274 of 2019- judgement dated February 28 of the year 2020.

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3.2. Clarifying Note from the Honorable IHC

In the aforesaid decision, the IHC also clarified about PEIRA's mandate for fee-regulation along with a guiding note for not doing the same arbitrarily/ randomly. Relevant extracts from the said judgement are reproduced below:-

"PEIRA despite absence of Rules still is the authority to regulate the fee which it should do so as fixation of fee and enhancement cannot be left unregulated especially in terms of escalatory trend in prices of all items and contraction of economy resulting in limited resources for the parents to educate their children", and that

"The balance is to be maintained by the PEIRA keeping in account the quality of education and other facilities being offered by school with a reasonable return over the referred expenses".

The Honorable Islamabad High Court- IHC further clarified that PEIRA is fully authorized to determine fee through its policy, as per its mandate, but certain principles are laid down by the court of law, for PEIRA to proceed further on this critical matter of fee determination for PEIs. It is pertinent to mention that the afore-stated decision of the Honorable IHC has attained finality.

3.3. Stakeholders' Engagement

Keeping in view the history of massive involvement of PEIRA in litigations by PEIs (due to reservations of stakeholders on previous policy decisions of the Authority), a consensus- oriented approach is adopted for a sustainable solution.

For this, extensive meetings and discussions were held with stakeholders including PEIs and parents to engage them in policy making process and to receive their feedback.



4. Framework for Fee-Determination of PEIs

In due consideration of PEIs' increase in cost of running an educational setup (*owing to diminution in the value of rupee*), and any additional facilities made available at a specific campus, a PEI may charge and increase fees (annually), subject to compliance of provisions set by PEIRA.

4.1. Baseline Fee Structure

All PEIs shall charge fee as per the rates which were being charged during the Academic Session 2016-17, as per record and other documentary evidence.

4.2. Provisions for (Annual) Increase in Fee

A PEI operating in ICT may increase fee (on annual basis only) while ensuring that the increase in rates of fee charged shall not exceed five percent, per annum (from the year 2017 and onwards).

4.3. Provisions for Beyond Five Percent (Annual) Increase

Any institution demanding more than five percent annual increase shall be required to establish a case, based on rationality and keeping in view the extra-ordinary/ additional *facilities available* and the *quality of education* in a PEI. However, the beyond five percent increase in fee shall range from six to eight percent (on annual basis).

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4.3.(a). Key Principles for Fee Determination: *Beyond Five Percent (Annual) Increase*

The broader principles for making fee increase beyond five percent (per annum) shall be as follows:-

- a. The set of available facilities reflected through standards and quality of infrastructure and other physical facilities available for teaching and learning experience in an institution.
- b. The quality of teaching reflected through qualification, standards, and capacity of the available teaching staff in the said institution.

4.3.(b). Mechanism for Beyond Five Percent (Per Annum) Increase

The desirous PEIs may apply to PEIRA to get permission for making beyond five percent (per annum) increase in fee. Whereas, the decision shall be made (on case to case basis) after appraisal, based on the indicators for quality determination in a PEI, which cover 07 core aspects of quality including: -

- i. Quality of Teaching (*Qualifications/ Trainings etc.*)
- ii. Classroom Learning Environment
- iii. Infrastructure and Facilities
- iv. Transparency and Public Disclosure
- v. Administrative/ Operational Strength
- vi. Cleanliness and Discipline
- vii. Safety and Security

These aspects of quality are based on 28 indicators and any PEI demanding more than five percent annual increase in fee shall be required to provide such information to the Authority in a specific format that can be obtained from the office of PEIRA, or can also be downloaded at <https://peira.gov.pk/downloads-3/>. The applicant institutions may also be required to furnish a report on Annual Audit Accounts.

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4.4. PEIs' Obligations to Ensure Transparency in all Financial Matters

The charge of fee is considered to be based on an agreement between a PEI's management and the student/ guardian. Therefore, a PEI shall be bound to duly declare all fee structure, school's internal policy (if any), and other charges to parents/ guardians prior to granting admission and to maintain transparency in sharing of fee structure including monthly fee, tuition fee, annual charges, development charges or any other charges. These charges shall be clearly communicated so that the parents/ guardians and students can make an Informed Decision to seek admission in appropriate institution as per their educational needs and affordability. Accordingly:-

- a. The annual increase in fee (ranging from one to five percent) must be done under intimation to PEIRA and extra-ordinary annual increase in fee shall be subject to prior permission of PEIRA.
- b. There shall be no increase in fees at any level, during an ongoing academic session. Whereas, the PEIs shall charge fees on monthly basis only. In case of late fee submission, the school may waive-off late fee charges (fine), however, the imposition of fine shall be as follows:-
 - i. In case of fee due in 30 days' bracket, the fine shall not exceed 5 percent of the actual fee.
 - ii. In case of fee due in 60 days' bracket, the fine shall not exceed 10 percent of the actual fee.
 - iii. Whereas, in case of fee due for 60 days or more, the cases shall be dealt correspondingly.

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4.4.1. Public Disclosure of “Schedule of Financial Charges”

In order to ensure transparency in charge of fees by PEIs (i.e. annual fee, development fee/ maintenance fee etc.) all the private educational institutions operating in ICT (up to higher secondary or equivalent level) shall be required to adhere to the following conditions for charge of fees (either monthly/ quarterly, bi-annual/ annual or one-time):-

- a. Any PEI must share the “Schedule for Financial Charges” with the parents/ students prior to admitting any student at any level of study.
- b. The Schedule of Financial Charges must specify all types of fee to be charged for a specific academic year/ session. Whereas, the schedule must indicate the start and end of an academic session/ year (for all levels of study) at a school, respectively.
- c. The school must obtain acknowledgement from the student/ parent about the contents of the Schedule, prior to admitting a student or at least sixty days prior to commencement of an academic session/ year.
- d. There shall be no charges at all, other than those mentioned in the Schedule, to be duly acknowledged by the parent/ student accordingly.

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4.4.2. Prohibition on Provision of Uniform, Textbooks and other Stationery Items etc. through Specific Vendors

The establishment of private sector enterprises is based on the essence of competition. However, the practice of compelling students to buy school items from specific vendors/ shops is tantamount to profiteering by private schools, which results in socio-economic imbalances across the society (burdening parents and adversely affecting market forces i.e. independent uniform/ booksellers etc.). Therefore, following shall be obligatory for PEIs in ICT:-

- a. No PEI is authorized to compel parents/ students to purchase uniform, textbooks and other stationery items etc. from specific vendors (including supplies from schools' shops).
- b. Notebooks with printed logos and embroidered/ stitched/ printed uniform badges shall be strictly prohibited. However, school branding (*logo*) shall only be done through pin badges and stickers etc. for notebooks (if required).

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