

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1252

Introduced by Honorable Eduardo V. Roquero, M.D.

EXPLANATORY NOTE

To achieve social justice, social stability, economic development, peace and prosperity, one of the most compelling concerns that we must address is the total development of the person as a functional and productive member of the society.

It is in this effect, that our Government has long recognized that Education should be given the highest priorities of State support and State resources, which is why for several years now education has been given the biggest slice of the budgetary pie.

Article XIV, Section 1 of the Constitution declares:

“The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make education accessible to all.”

Likewise, Article II, Section 17 of the Constitution also declares:

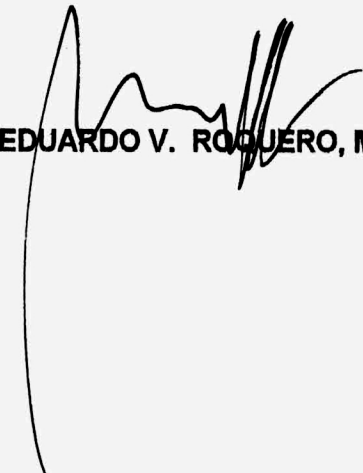
“The State shall give priority to education, science and technology, arts, culture and sports to foster patriotism and nationalism, accelerate social progress and promote total human liberation and development.”

To achieve our concerns and implement this Constitutional mandate, the State shall provide the mechanism to broaden opportunities to higher education in addition to what is already provided for in RA 7722, "The Higher Education Act of 1994, RA 6728 "The Government Assistance to Student and Teachers in Private Education Act", and RA 8292 "The Higher Education Modernization Act of 1998."

Considering that we are not a welfare State and our financial capability, as a Nation does not permit us to subsidize every Filipino child's education from pre-school all the way to college, it is therefore a fact that Government alone can not address the issue of providing education for all.

This Bill therefore proposes to broaden opportunities and promote education as an accessible equalizer through the partnership of Government and the Private sector thus, ensuring that education shall become an effective instrument in bettering the life of the majority of the Filipino people.

As our culture considers, that Education is even more priority than clothing and shelter and to strengthen education as a means of an upward mobility, the passage of this Bill is hereby urged.



EDUARDO V. ROQUERO, M.D.

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AN ACT
ESTABLISHING AN EDUCATION TRUST FUND FOR GRANTEES OF GSIS AND
SSS MEMBERS AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Education Trust
2 Fund Act”

3

4 **SECTION 2. *Declaration of Policy*** – The Constitution provides that the State
5 shall protect and promote the right of all citizens to quality education at all levels and
6 shall take appropriate steps to make such education accessible to all. Towards this end,
7 the State shall endeavor to provide the opportunity of making education an accessible
8 commodity to all citizens, particularly the underprivileged, to realize their right to quality
9 education, have an active role in life, and contribute more productively, specially in the
10 economic social and political spheres.

11

12 **SECTION 3. *Definition of Terms*** – The following terms in this Act shall refer to:

13

14 (1) ***ETF*** – refers to the Education Trust Fund created in this Act

- 1 (2) **Government Service Insurance System (GSIS)** – the agency
2 entrusted to take charge of all matters pertaining to the social
3 security benefits and insurance claims of all government officials
4 and employees, as created and established under Commonwealth
5 Act No. 186, as amended by Presidential Decree No. 1146, and
6 further amended by Republic Act No. 8291.
7
- 8 (3) **Social Security System (SSS)** – the agency entrusted to take
9 charge of all matters pertaining to the benefits and insurance
10 claims of all private employees, as created and established under
11 Republic Act No. 1161 and amended by Republic Act No. 8282.
12
- 13 (4) **Optional Membership** – the voluntary act of qualified members of
14 GSIS or SSS to be included in the pre-need Education Trust Fund
15 coverage for their Grantee, payment of which shall be deductible
16 from their salaries and/or payable to the System concerned in an
17 equal number of monthly contributions as determined in the policy
18 contract.
19
- 20 (5) **Education Trust Fund (ETF)** – the accumulated amount of
21 money contributed by GSIS and SSS members and paid to the
22 System concerned for the used in the education of their grantee to
23 be paid directly to the institutions or colleges and/or universities
24 for a vocational/technical or a baccalaureate program to be
25 determined as provided for in the policy contract.
26
- 27 (6) **Planholder** – a member of either the GSIS and SSS who avails
28 the ETF Plans for the education of his grantee according to his
29 desired vocational/technical and/or baccalaureate education
30 program/degree.
31
- 32 (7) **Plan Agreement** – the policy contract issued by either the GSIS
33 or the SSS to the planholder containing the ETF Plan
34 specifications and general provisions of the planholder's benefits
35 and responsibilities.

1 (8) **Grantee** – the child regardless of relationship – legitimate,
2 legitimated, legally adopted or illegitimate child, grandchild and/or
3 whoever be the child – designated by the planholder to avail the
4 ETF benefits according to the education program determined in
5 the policy contract and who shall be duly appointed and registered
6 with the ETF of the System concerned on or before enrollment to
7 avail of the ETF benefits.

8
9 (9) **Deferred Plan** – an ETF Plan without a Grantee designated by
10 the planholder at the time of purchase of the Plan, which shall be
11 availed by the Grantee assigned on or prior to the maturity of the
12 said ETF plan.

13
14 (10) **Monthly Contributions** – the amount of money to be deducted
15 from the salaries of the qualified member and/or paid directly to
16 the System concerned as specified in the policy contract to be
17 determined by the ETF Board.

18
19 (11) **Education Trust Fund (ETF) Board** – the governing body which
20 shall formulate policies, implementing rules and regulations,
21 guidelines, procedures and other related matters; oversee and
22 supervise the operation and management of the ETF in the GSIS
23 and the SSS created under this Act.

24
25 **SECTION 4. Education Trust Fund (ETF) Plans.** – There is hereby established
26 in the GSIS and the SSS a special ETF to be known as the "GSIS/SSS Education Trust
27 Fund (ETF) Plans", which can be availed of through enrollment in any desired education
28 program to ensure the education of the Grantee of members of both Systems.

29
30 **SECTION 5. Establishment and Composition of the ETF Board.** – The ETF
31 Board is hereby established as the governing body, with principal place of business in
32 Metro Manila, Philippines. It shall be composed of eleven (11) members namely:

33
34 1) One (1) member from the Government Service Insurance System (GSIS);

- 1 2) One (1) member from the Social Security System (SSS);
- 2
- 3 3) One (1) member from the Commission on Higher Education (CHED);
- 4
- 5 4) One (1) member from the Committee on Education Arts and Culture of the
- 6 Senate of the Philippines;
- 7
- 8 5) One (1) member from the Committee on Government Corporations and
- 9 Public Enterprises of the Senate of the Philippines;
- 10
- 11 6) One (1) member from the Committee on Higher and Technical Education
- 12 of the House of Representatives;
- 13
- 14 7) One (1) member from the Committee on Government Enterprises and
- 15 Privatization of the House of Representatives;
- 16
- 17 8) One (1) member from the Technical Education and Skills Development
- 18 Authority (TESDA);
- 19
- 20 9) One (1) member from the Philippine Association of State Universities and
- 21 Colleges (PASUC);
- 22
- 23 10) One (1) member from the Coordinating Council of Philippine Educational
- 24 Associations of the Philippines (COCOPEA); and
- 25
- 26 11) One (1) Independent pre-need resource person with adequate knowledge
- 27 and a minimum of ten (10) experience in pre-need marketing and
- 28 industry exposure with active participation to the Technical Working Group
- 29 (TWG) in the formulation of this Act.
- 30

31 **SECTION 6. Election, Term of Office and Honorarium/Per Diem of the ETF**
32 **Board Members.** – The members of the ETF Board shall elect from among themselves
33 the Chairman and the Vice Chairman of the Board. The members of the ETF Board
34 Board shall have the term of six (6) years.

1 The independent pre-need resource person shall be appointed by the Board
2 upon recommendation of the majority of its members. He shall have a term of six (6)
3 years.

4
5 The members of the board shall receive Five Thousand (Php 5,000.00) Pesos
6 per diem for each meeting actually attended by them, but not to exceed Twenty
7 Thousand (Php 20,000.00) a month.

8
9 **SECTION 7. Duties and Function of the ETF Board.** – The ETF Board shall
10 have the following duties and functions, namely:

- 11
12 a) To formulate and prescribe policies, guidelines and procedures, and other
13 related matters, as may be deemed necessary, to ensure the
14 effectiveness and viability of the ETF established in both the GSIS and
15 the SSS for a self-sustaining operation, including its budgetary support,
16 operating capital and related expenditures;
- 17 b) To oversee and manage the operation of the ETF established in both
18 Systems;
- 19
20 c) To appoint, upon the recommendation of the GSIS and the SSS, an
21 actuary and such other personnel, as may be deemed necessary; fix their
22 reasonable compensation, allowance and other benefits; and prescribe
23 their duties to ensure the efficient, honest and economical administration
24 of the ETF established in both Systems;
- 25
26 d) To categorize schools according to the cost of its existing tuition fees and
27 other related school fees and charges, and monitor rate schedules
28 according to age, terms of payment, number of years before availment,
29 and other related matters to safeguard the implementation of the ETF;
- 30
31 e) To formulate the implementing rules and regulation (IRR) of this Act; and
32
- 33 f) To exercise such powers essential or necessary to safeguard the interest
34 of the ETF operations.

1 **SECTION. 8. *Education Trust Fund (ETF) Department*** – The GSIS and the
2 SSS shall, as may be deemed necessary, create an Education Trust Fund (ETF)
3 Department to manage the general conduct of the operation of the respective ETFs in
4 both System.

5
6 **SECTION. 9. *Education Trust Fund (ETF) Plans Agreement*** – for the
7 attainment of its main objectives, the general provisions of a plan agreement shall be
8 issued by both the GSIS and the SSS, respectively, to all availing members as
9 planholders. These general provisions shall govern the terms and conditions of the
10 implementation of premium payments and benefits inclusive of the cash value which
11 shall be determined by the ETF Board.

12
13 **SECTION. 10. *Trust Fund Management*** – The ETF Board, which manages
14 the ETF, shall ensure that the ETF shall be separated from the general funds of the
15 System concerned and shall be self-sustaining to be invested according to the
16 provisions and guidelines of the Social Security Fund in the case of the SSS. Investment
17 of funds in the case of the GSIS, except on members' loans, shall be for a greater yield
18 of investment. No amount of money from the ETF Plans shall be loaned to the members
19 and/or planholders of the System concerned.

20
21 **SECTION. 11. *Optional Coverage*** – Subject to the rules and regulations
22 prescribed by the ETF Board, all GSIS and SSS members, regardless of civil status, with
23 or without child and/or Grantee, may opt to participate in the ETF Plans program.

24
25 **SECTION. 12. *Premium Payment*** – The amount of premiums to be paid to the
26 ETF by the member shall be in accordance with the schedule of payments to be
27 prescribed by the ETF Board taking into consideration the following criteria:

- 28
29 a) The interval of the time between the effectivity of the coverage and the
30 estimated time of enrollment of the grantee in any desired education level
31 for a vocational/technical or a baccalaureate program/degree;
32
33 b) The number of monthly contributions to be made to complete the
34 contracted price stipulated in the plan agreement or policy contract;
35

- 1 c) The benefits to be availed of, as provided for in Section 14 of this Act;
- 2
- 3 d) The amount of tuition and other standard fees charged by the
- 4 institutions, colleges, and/or universities according to school category for
- 5 a vocational/technical or a baccalaureate program/degree; and
- 6
- 7 e) Such other factors as may be determined by the ETF Board.
- 8

9 **SECTION. 13. *Reinsurance*** – To ensure the viability if the ETF, the GSIS or

10 the SSS may reinsure any of its interest wholly or in part thereof with any private

11 company or reinsurer whether domestic or foreign: *Provided*, That the System

12 concerned shall submit an annual report of its reinsurance operation to the insurance

13 Commission through the ETF Board.

14

15 **SECTION. 14. *Education Benefits*** – Only members who have completed

16 payment of the contract price as stipulated in the plan agreement or policy contract

17 before enrollment of the Grantee shall be entitled to avail of the benefits provided for

18 under this Act.

19

20 The benefits shall include the payment of ETF by the System concerned for:

21

- 22 a) Such school fees as may be required for enrollment for completion of a
- 23 vocational/technical or baccalaureate program/degree, which shall
- 24 include tuition fees for all subjects officially prescribed by the institutions,
- 25 colleges and/or universities and part of a regular curriculum as requisite
- 26 for graduation and other standard fees, such as registration,
- 27 matriculation, science and speech laboratory, audio-visual, medical and
- 28 dental, library, athletics, counseling, official school publication, and other
- 29 fees that may further be approved by the CHED and the TESDA; and
- 30
- 31 b) Any other benefits to be provided for, as stipulated in the policy contract
- 32 as determined and approved by the ETF Board.

1 The payment shall be made by the ETF of the System concerned directly to the
2 institution, college and/or university prior or upon enrollment, as the case may be. The
3 ETF Board shall provide for safeguards to ensure the prompt payment of benefits.
4

5 **SECTION. 15. *Incentives*** – In recognition of excellent performance of the
6 Grantee and for future use of the planholder, the following incentives are hereby
7 provided, to wit:
8

- 9 a) All amounts due and payable to the institution and/or college or university
10 shall be awarded to the availing Grantee, should he/she earn any
11 acceleration or scholarship award in any education program desired;
12
- 13 b) A scholarship award shall be awarded to the Grantee who enrolls in the
14 following priority courses namely; Agriculture, Forestry, Fishery, Science
15 and Technology: Provided, That said Grantee shall maintain an average
16 rating to be determined by the ETF Board for the entire duration of
17 his/her enrollment in any of the priority courses; and
18
- 19 c) Any other benefits to be provided for as stipulated in the policy contract to
20 be determined by the ETF Board.
21

22 **SECTION. 16. *Transferability of Benefits*** – The benefits provided for in this
23 Act may be transferred to any active member of both Systems and may be assigned to
24 another Grantee at the option of the planholder.
25

26 **SECTION. 17. *Cash Value***. – In cases of inability of the planholder to continue
27 the payment of his/her premium due to financial reasons and/or any other reasons, the
28 ETF Board shall determine the cash value of the ETF Plan, which shall form part of the
29 general provisions of the policy contract issued by the System concerned.
30

31 **SECTION. 18. *Exemption from Tax, Legal Process and Lien***. –
32 Notwithstanding any laws to the contrary, the ETF, its assets and properties, all
33 proceeds from collections, income or investment earnings therefrom, all supplies, papers
34 or documents, all accruals thereto and benefits paid shall be exempt from all taxes,
35 assessments, fees, charges or duties of all kinds such as customs or import duties.

1 Moreover, these exemptions shall not be affected by subsequent laws to the
2 contrary unless this section is expressly, specifically and categorically revoked or
3 repealed by law and a provision is enacted to substitute or replace the exemption
4 referred to herein as an essential factor to maintain or protect the solvency of the fund,
5 notwithstanding and independently of the guarantee of the National Government to
6 secure such solvency of the liability: *Provided, That* all securities of the ETF must be
7 registered with the Securities and Exchange Commission and transaction tax must
8 imposed hereto to safeguard the viability and transparency of investment for a
9 self-sustaining ETF.

10
11 The funds and/or properties referred to herein, as well as the benefits, sums or
12 monies corresponding to the benefits under this Act, shall be exempt from attachment,
13 garnishment, execution, levy or other process issued by the courts, quasi-judicial
14 agencies, or administrative bodies including the Commission on Audit (COA),
15 disallowances and from all financial obligations of both the GSIS and the SSS members,
16 including his pecuniary accountabilities arising from or caused or occasioned by his
17 exercise or performance of his official functions or duties, or incurred relative to or in
18 connection with his position or work except when his monetary liability, contractual or
19 otherwise, is in favor the Education Trust Fund (ETF).

20
21 **SECTION. 19. *Government Guarantee.*** – The benefits prescribed in this Act
22 shall not be diminished, and to guarantee said benefits, the Government of the Republic
23 of the Philippines shall accept general responsibility for the solvency of the ETF.

24
25 **SECTION. 20. *Death or Disability of the Planholder.*** – The death or total and
26 permanent disability of the planholder shall not preclude the Grantee from availment of
27 the benefits and incentives provided for in Sections 13, 14 and 15 of this Act,
28 respectively.

29
30 **SECTION. 21. *Implementing Rules And Regulations (IRR).*** – The ETF Board
31 shall promulgate the necessary rules and regulations for the effective implementation of
32 this Act within ninety (90) days following its approval.

1 **SECTION. 22. *Separability Clause.*** – If, for any reason, any section of this Act
2 shall be deemed unconstitutional or invalid, the other sections or provisions of this Act
3 shall not be affected thereby and shall remain in force and effect.

4

5 **SECTION. 23. *Repealing Clause.*** – All laws, executive orders, decrees,
6 instructions, rules and regulations, contrary to or inconsistent with any provision of this
7 Act, are hereby repealed or modified accordingly.

8

9 **SECTION. 24. *Effectively Clause.*** – This Act shall take effect fifteen (15) days
10 after its publication in two (2) newspapers or general circulation.

11

12 **Approved.**