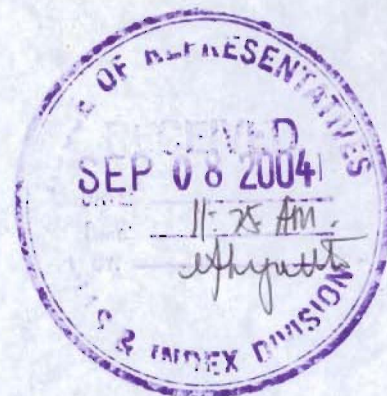


**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**



Thirteenth Congress

First Regular Session

HOUSE BILL NO. 2814

Introduced by Honorable **MONICO O. PUENTEVELLA**

EXPLANATORY NOTE

The preservation and development of the human resources of a nation is of prime importance. No nation can prosper without a well educated population to propel it forward. National development therefore depends in great measure on the educational attainment of the people.

Primary and secondary education is now provided free for all students. This is in consonance with Section 2 (2) of Article XIV of the Constitution which states that *The State shall xxx Establish and maintain a system of free public education in the elementary and high school levels.*

However, tertiary education nowadays is expensive and as a result, exclusive. Although it is a vested right, having the capacity to acquire tertiary education has become more of a privilege than a right.

To this end, our Constitution mandates under Article II, Section 9, that *"(t)he State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide for adequate social services, promote full employment, a rising standard*

of living, and an improved quality of life for all'. Among the many social services that our government needs to attend to is tertiary education.

To be sure, schools and the government offer various scholarship grants to those mentally gifted but financially unable. But the benefits of tertiary education must be open to all, rich or poor, average or not, if we are to implement the above Section 9 of Article II. Furthermore, it is the thrust of this present administration to realign the amounts previously budgeted for the Countrywide Development Fund [CDF] for the purpose of financing social services, one of which is education. Thus the funding source of this proposed measure comes from that which was usually budgeted for the CDF.

This proposed measure seeks to alleviate the plight of poor who could not afford to pay their way through college by establishing a STUDENT LOAN PROGRAM which will provide for financial assistance to qualified applicants.

It is therefore earnestly requested that this proposed measure be approved.



MONICO O. PUENTEVELLA

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**AN ACT
PROVIDING FOR A STUDENT LOAN PROGRAM, ESTABLISHING THE
STUDENT LOAN FUND TO BE ADMINISTERED BY THE LOCAL
GOVERNMENT UNITS, AND APPROPRIATING FUNDS THEREFOR.**

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

SECTION 1. *Title.* This Act shall be known as the "STUDENT LOAN PROGRAM ACT".

SEC. 2. *Declared Policy.* – It is the policy of the State to promote a high standard of living and an improved quality of life. It is affirmed that education is one major way of attaining this end. It is further affirmed that the Local Government Units can become a very capable partner in the attainment of this declared policy. Toward this end, there is established a STUDENT LOAN PROGRAM to be administered by the Department of Interior and Local Government with the active participation of the Local Government Units and their respective local school boards.

SEC. 3. *Definition of Terms.* – When used in this Act, the following terms shall have the following meanings:

(a) Student – A person who is enrolled or admitted for enrollment in a tertiary

institution of learning.

(b) Student Loan – A loan/financial assistance for the purpose of defraying the expenses of enrollment including but not limited to tuition, matriculation, laboratory, uniforms and other fees.

(c) Student applicant – A student who wishes to avail of the benefits under this Act.

(d) Local School Board – The local school boards as defined and created by Section 98 of Republic Act 7160, otherwise known as the Local Government Code of 1991.

SEC. 4. *Requirements and Procedures.* -Each Local Government Unit can operationalize this Student Loan Program by the passage of a local ordinance creating a Student Loan Fund to be administered jointly by their local school board and the local provincial, municipal or city treasurer. Thereafter, the local government shall apply for financing of this program from the DILG by the submission to the DILG of a copy of their local ordinance creating the Student Loan Fund and a feasibility of the operation of their student loan program. The Local School Board may allow the Local Government Units to utilize the Special Education Fund administered by the Local School Board to augment the funds to finance this Student Loan Program. .

To avail of the Student Loan Program, a student applicant shall submit to the Local School Board the following documents:

(a) The Official Enrollment form of the tertiary institution where he/she intends to enroll;

(b) A letter of consent from his/her parent(s) or guardian;

(c) Barangay clearance;

(d) A copy of the Income Tax Return or an affidavit explaining the absence of one;

(e) Application Form duly accomplished.

The Local School Board of the local government unit concerned shall adopt an evaluation criteria for the program to determine that the student applicant is qualified to avail the benefits of this Act. It shall notify the student applicant and his/her parent(s) who shall be both required to sign a promissory note to guarantee payment for the amount requested which shall not exceed one school year and shall thereafter issue a notice addressed to the Municipal/City Treasurer who shall then issue the necessary treasury warrant/check in favor of the tertiary educational institution in payment of the cost of enrollment.

SEC. 5. *Terms and Condition.* -The student loan shall be subject to the following terms and conditions, namely:

- a) The student applicant or his parent(s) or guardian shall pay back the student loan with an interest at 12% per annum within a payback period not longer than one year and the loan renewable under the same payment scheme until the course studied shall have been finished;
- b) The student loan shall be payable in the following manner, either (1) salary deduction from his monthly earnings from the place of employment of either parent in case either or both parents are gainfully employed or (2) direct payment to the Local Government Unit in case of self-employed or unemployed parent(s);
- c) In case the payment is made by salary deduction, the employer shall be responsible for the collection and remittance of the loan payment to the local government unit not later than TEN (10) days from the date of salary deduction;

SEC. 6. *Implementing Agency.* – The Department of Interior and Local Government Unit is directed to implement this Act within ONE HUNDRED AND EIGHTY (180) days from the passage of this Act by promulgating the implementing Rules and Guidelines.

SEC. 7. *Appropriation.* – The sum of FIVE HUNDRED MILLION PESOS [500.0 Million] shall be appropriated in the General Appropriations Act of the year the year following its approval into law to finance this STUDENT LOAN PROGRAM.

SEC. 8. *Effectivity.* This Act shall take effect after THIRTY (30) days after publication in the *Official Gazette*.

Approved,