

Republic of the Philippines
House of Representatives
Quezon City

Fifteenth Congress

First Regular Session

House Bill No. 2097

Introduced by Honorable **ROMEO M. ACOP**

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.... 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

"The 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 intent of Section 9 of Article II of the Constitution.

The proposed measure seeks to alleviate the plight of the poor who desire but 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 one but significant step towards the realization of a dream that every Filipino family will have at least one college graduate in them.

The bill also provides for the participation of the Local Government Units and their Local School Boards in the implementation of its provisions to ensure a broader base of clientele, facilitate transactions and accessibility.

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


ROMEO M. ACOP

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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".

SECTION. 2. *Policy.* – It is the policy of the State to promote a high standard of living and an improved quality of life of the people through the acquisition and attainment of a relevant and globally competitive education accessible and affordable to the people. Accessibility and affordability of education to the people shall be attained through the institution of credit programs and facilities attuned to existing and changing economic conditions for their availment. Toward this end, a Student Loan Program is hereby provided and a Student Loan Fund established for the purpose. In furtherance thereof, Local Government Units and their respective local school boards are hereby enjoined to participate as cooperators in the implementation of the program.

SECTION. 3. *Definition of Terms.* – When used in this Act, the following terms shall be construed as:

- (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 board as defined and created by Section 98 of Republic Act 7160, otherwise known as the Local Government Code of 1991.

SECTION. 4. *Creation of the Student Loan Funds* – Local Government Units may establish and implement the Student Loan Program in their respective jurisdictions by the passage of a local ordinance creating a Student Loan Fund to be administered jointly by their local school boards and the local provincial, municipal or city treasurers, as the case may be. Thereafter, the Local Government Units shall apply for financing of their programs from the Department of Interior and Local Government (DILG) by the submission to the DILG of the copies of their local ordinances creating the Student Loan Fund and the feasibility of the implementation of their student loan programs. The Local School Boards may allow the Local Government Units to utilize the Special Education Fund administered by the Local School Boards to augment the funds to finance their Student Loan Programs.

SECTION 5. *Requirements for and Procedure of Availment* - To avail of the Student Loan Program, a student applicant shall submit to the Local School Board concerned the following documents:

- (a) The duly accomplished 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 in cases where the student applicant is a minor;
- (c) Barangay clearance;
- (d) A copy of the student applicant's latest Income Tax Return (ITR) when

applicable, or of his / her parents' or guardian's, if any, or an affidavit explaining the absence of one and stating the source/s of any current income/s in lieu thereof;

(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 whether the student applicant is qualified to avail of 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 loaned. Thereafter, the Local School Board shall issue a notice addressed to the Municipal/City Treasurer who shall then, in turn, issue the necessary treasury warrant/check in favor of the tertiary educational institution in which the student applicant has, or intends to enroll in payment of the cost of enrollment.

SECTION 6. *Terms and Conditions.* -The student loan shall be subject to the following terms and conditions:

- a) The student applicant or his parent(s) or guardian shall amortize the student loan with an interest of 6% per annum within a period not longer than one (1) year from the date of the issuance of the loan, which shall be renewable under the same payment scheme until the course studied shall have been completed;
- b) The student loan shall be payable in the following manner :
 - (1) By salary deductions from the monthly salaries of either parent or both, as the case may be, or from the student applicant's monthly salary when applicable, from the place of their employment;
 - (2) By direct payments to the Local Government Units in case of self-employment or unemployed parent(s);
- c) In case the payments are made by salary deductions, the employers concerned shall be responsible for the collection and remittance of the loan payments to the local governments unit not later than TEN (10) days from the date the deductions from the salaries were made.

- d) In case of failure to repay the loan as provided for in paragraph (a) hereof, an extension period of sixty (60) days from its due date shall be granted upon the filing with the municipal or city treasurer concerned of a written request for the extension of the period fifteen (15) days before due date. The extension shall carry an interest rate of 6% per annum.
- e) It after the extension period granted in the preceding paragraph had lapsed and the loan remains unpaid, or is not fully paid, said loan shall be deemed delinquent and shall not be renewed until such time such loan is fully liquidated.

SECTION 7. *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.

SECTION 8. *Appropriation.* – The sum of ONE BILLION PESOS [P 1,000,000,000.00] shall be initially appropriated in the General Appropriations Act of the year following its approval into law to finance this STUDENT LOAN PROGRAM. Succeeding annual appropriations are to be included in the General Appropriations Act if deemed necessary.

SECTION 9. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the *Official Gazette*.

Approved,