

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
Fifteenth Congress
Second Regular Session



COMMITTEE REPORT NO. **2201**

Submitted by the Committee on Higher and Technical Education on
28 MAY 2012

Re: House Bill No. **6219**

Recommending its approval in substitution of House Bill No. 1876

Sponsors: Representatives Juan Edgardo M. Angara & Roman T. Romulo

Mr. Speaker:

The Committee on Higher and Technical Education, to which was referred House Bill No. 1876 introduced by Rep. Roman T. Romulo, entitled:

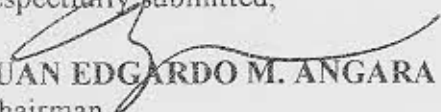
"AN ACT
ESTABLISHING A STUDENT ASSISTANCE PROGRAM BY BANKS AND
GOVERNMENT FINANCIAL INSTITUTIONS."
6219

has considered the same and recommends that the attached House Bill No. _____, entitled:

"AN ACT
ESTABLISHING A VOLUNTARY STUDENT LOAN PROGRAM BY BANKS
AND GOVERNMENT FINANCIAL INSTITUTIONS, PROVIDING INCENTIVES
THEREFOR AND FOR OTHER PURPOSES."

be approved in substitution of House Bill No. 1876 and with Representatives Roman T. Romulo, Juan Edgardo M. Angara, Emil L. Ong, Mariano U. Piamonte, Eulogio "Amang" R. Magsaysay, Pedro P. Romualdo, Eduardo R. Gullas, Cesar V. Sarmiento, Florencio T. Flores, Jr., Raymond Democrito C. Mendoza, Sigfrido R. Tinga, Pryde Henry A. Teves, Isidro T. Ungab, Rufus B. Rodriguez, Roger G. Mercado, Elmer E. Panotes, Fernando C. Gonzalez, Evelyn P. Mellana and Arnulfo F. Go as authors thereof.

Respectfully submitted,


JUAN EDGARDO M. ANGARA
Chairman
Committee on Higher & Technical
Education

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

^Fifteenth Congress
Second Regular Session

HOUSE BILL NO. 6219
(In substitution of House Bill No. 1876)

Introduced by Representatives Roman T. Romulo, Juan Edgardo M. Angara, Emil L. Ong, Mariano U. Piamonte, Jr., Eulogio "Amang" R. Magsaysay, Pedro P. Romualdo, Eduardo R. Gullas, Cesar V. Sarmiento, Florencio T. Flores, Jr., Raymond Democrito C. Mendoza, Sigfrido R. Tinga, Pryde Henry A. Teves, Isidro T. Ungab, Rufus B. Rodriguez, Roger G. Mercado, Elmer E. Panotes, Fernando C. Gonzalez, Evelyn P. Mellana & Arnulfo F. Go

AN ACT
ESTABLISHING A VOLUNTARY STUDENT LOAN PROGRAM BY BANKS AND
GOVERNMENT FINANCIAL INSTITUTIONS, PROVIDING INCENTIVES
THEREFOR 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 "Voluntary Student Loan
2 Program Act."

3
4 **SEC. 2. Declaration of Policy.** It shall be a policy objective of the State to assist
5 eligible students to obtain post-secondary technical-vocational certificates or
6 diplomas from technical-vocational institutes and college and post-graduate
7 degrees from higher education institutions by encouraging banks and
8 government financial institutions to lend money to eligible students to be repaid in
9 installments after the student graduates or leaves the educational institution.

10
11 **SEC. 3. Definition of Terms.** For purposes of this Act, the following terms shall
12 mean:

13
14 1) CHED – refers to the Commission on Higher Education.

15
16 2) Higher Education Institution (HEI) - refers to an educational institution that
17 is legally authorized to offer a program of education leading to the conferment
18 of a degree.

19
20 3) TESDA – refers to the Technical Education and Skills Development Authority
21 as established under Republic Act No. 7796, otherwise known as the TESDA
22 Law.

23

- 1 4) Technical-Vocational Institute – refers to a technical-vocational (tech-voc)
2 education and training institution accredited by TESDA which offers any non-
3 degree program at the post-secondary educational level oriented towards
4 skills proficiency leading to certificate or diploma in preparation for a particular
5 occupation or group of middle-level occupations.
6
- 7 5) Lender – refers to a bank or a government financial institution which
8 provides loans to student borrowers pursuant to this Act.
9
- 10 6) Student-Borrower – refers to an eligible student with a loan under this Act.
11
- 12 7) Eligible Student - refers to a student who meets the admission requirements
13 of a tech-voc institute or HEI and has been accepted for enrollment in a post-
14 secondary technical-vocational institute as a non-degree student or in an HEI
15 as an undergraduate or post-graduate student.
16
- 17 8) Priority Eligible Student – refers to an eligible student who is an immediate
18 member of a family where no other immediate member of such family is
19 enrolled in or has completed post-secondary or higher education at the time
20 of the loan application.
21
- 22 9) Government Financial Institutions – refer to financial institutions in which the
23 government directly or indirectly owns majority of the capital stock and which
24 are registered and directly supervised by the *Bangko Sentral ng Pilipinas*.
25
- 26 10) Higher Education – refers to college and graduate education or training in an
27 educational program leading to a degree offered in HEIs. It is also known as
28 Tertiary Education.
29
- 30 11) Post-Secondary Education – refers to education and training in non-degree
31 vocational and technical courses offered in post-secondary technical-
32 vocational institutions.
33

34 **SEC. 4. Registration of Student Loan Program under this Act.** Banks,
35 whether government or private, and government financial institutions participating
36 in the student loan program may allot a portion of their loanable funds for loans
37 to eligible students. Such banks and government financial institutions
38 participating in the program may be entitled to avail themselves of the incentives
39 under this Act by the registration of their student loan program with the *Bangko*
40 *Sentral ng Pilipinas* (BSP).
41

42 In addition, the BSP shall provide other incentives, which may be non-
43 monetary, to banks and government financial institutions participating in the
44 voluntary student loan program under this Act.
45

46 **SEC. 5. Loan Coverage.** - The loan shall cover the cost of the entire program
47 offered by the HEI or tech-voc institute, including, but not limited to, *tuition and*

1 miscellaneous fees: *Provided*, That adjustments shall be made in case of
2 increase in tuition and miscellaneous fees. It shall likewise include an amount for
3 the cost of attendance, covering necessary expenses of the student for books,
4 food, transportation, board and lodging and a reasonable allowance for projects
5 and other school requirements.

6
7 **SEC. 6. *Student-Borrower Number.*** For proper implementation of this Act and
8 to better facilitate the collection of the loan, the SSS and the GSIS shall issue,
9 upon application, an SSS or GSIS number to the student-borrower. The number
10 so issued shall serve as the permanent SSS or GSIS number of the student-
11 borrower in case of future employment with the private or government sector.

12
13 **SEC. 7. *Qualification Requirements of Student-Borrower.*** - Any student-
14 borrower eligible under this Act shall have the following entry requirements:

15
16 A. General entry requirements:

- 17
18 1) Must be a Filipino citizen;
- 19
20 2) Currently enrolled or intends to enroll or re-enroll in any of the priority
21 courses to be determined by CHED or TESDA;
- 22
23 3) Has parents or guardians who are Social Security System (SSS) or
24 Government Service Insurance System (GSIS) members or SSS prior
25 registrants; and
- 26
27 4) Does not currently enjoy any scholarship or study grant.

28
29 B. Additional specific entry requirement for priority eligible student:

- 30
31 1) Barangay certification that no other immediate family member of the
32 student is enrolled or has completed a post-secondary education at the
33 time of the loan application; or
- 34
35 2) Notarized self-certification that no other immediate family member of the
36 student is enrolled or has completed a post-secondary education at the
37 time of the loan application.

38
39 C. Other requirements as may be determined by banks.

40
41 **SEC. 8. *Loan Application.*** - Any eligible student-borrower may file the loan
42 application with a participating bank or government financial institution. A loan
43 application shall include, among others:

- 44
45 a. The Student SSS or GSIS number;
- 46

1 / b. The Taxpayer's Identification Number (TIN) in case the student is employed;

2
3 c. The list of expenses which shall include the total tuition fees for the entire
4 period of attendance to complete the student's course or degree, with a
5 necessary allowance for any increase that the tech-voc institute or HEI may
6 rightfully make and the other miscellaneous expenses certified by the educational
7 institution;

8
9 d. A reasonable approximation of the cost of attendance of the student in the
10 chosen HEI or tech-voc institute which shall include, among others, the cost of
11 books, board, lodging and transportation expenses;

12
13 e. A statement of the student-borrower on the preferred employer in the future,
14 whether with the private or public sector, and

15
16 f. All other requirements that the participating bank or government financial
17 institution may impose for the proper identification of the student.

18
19 **SEC. 9. Loan Disbursement.** - Upon approval of the loan application, the loan
20 shall be disbursed in tranches every semester or trimester, or any other term of
21 attendance, depending on the academic calendar adopted by the HEI or tech-voc
22 institute. Any succeeding tranche shall be disbursed on the condition that the
23 student-borrower completes the term previously enrolled in as certified by the HEI
24 or tech-voc institute. The tuition and miscellaneous fees payable to the
25 educational institution shall be disbursed or be made payable directly to the HEI
26 or tech-voc institute.

27
28 **SEC. 10. Withholding of Second or Subsequent Disbursement.** - A lender
29 who receives information that the student-borrower has ceased to be enrolled
30 before the disbursement of the second or any succeeding installment shall
31 withhold such disbursement. Any disbursement which is so withheld shall be
32 credited to the student-borrower's loan and treated as a pre-payment thereon.

33
34 **SEC. 11. Interest Rate and Tax Exemption.** - For any loan procured under this
35 Act, lenders shall charge an interest based on the prevailing ninety-one (91)-day
36 Treasury Bill rate at the time of release of the loan to be paid by the student-
37 borrower.

38
39 In addition, such loans shall be exempted from payment of documentary
40 stamp tax.

41
42 / **SEC. 12. Terms and Conditions of Loans.** - Any loan agreement shall:

43
44 a. Be evidenced by a note or other written instrument which provides for
45 repayment of the principal amount of the loan, together with the interest thereon,
46 in equal installments or when the borrower so requests, in graduated periodic
47 installments, payable quarterly, bi-monthly or monthly at the option of the

1 installments, payable quarterly, bi-monthly or monthly at the option of the
2 student-borrower, over a period beginning not earlier than twenty-four (24)
3 months after the student-borrower ceases attending the tech-voc institute or HEI,
4 and ending eight (8) years after such date, except that such period may begin
5 earlier than twenty-four (24) months upon the request of the student-borrower
6

7 b. Include a provision for acceleration of repayment of the whole, or any part, of
8 such loan, at the option of the student; and
9

10 c. Include a provision for preferential employment of the student-borrower upon
11 graduation.
12

13 **SEC. 13. Collection.** A lender shall file a request with the GSIS or the SSS to
14 collect the repayment of the loan through its system of salary deduction and
15 withholding. It may likewise enter into an arrangement with the Philippine
16 Overseas Employment Administration (POEA) and the Overseas Workers
17 Welfare Administration to ensure collection from the student borrower seeking
18 employment abroad.
19

20 **SEC. 14. Program Administration.** An inter-agency team composed of the
21 CHED, TESDA, BSP, Bankers Association of the Philippines (BAP), Chamber of
22 Thrift Banks (CTB) and the Rural Bankers Association of the Philippines (RBAP)
23 shall jointly be responsible for policy guidance and direction, monitoring and
24 evaluation of the student assistance program under this Act. The CHED and
25 TESDA shall chair and co-chair, respectively, the said team.
26

27 **SEC. 15. Implementing Rules and Regulations.** The CHED, TESDA,
28 Department of Finance and the BSP, in consultation with the SSS, GSIS, Bureau
29 of Internal Revenue, Central Credit Information Corporation, National Bureau of
30 Investigation (NBI), POEA, the Coordinating Council of Private Educational
31 Associations (COCOPEA) and the Philippine Association of State Universities
32 and Colleges (PASUC), shall promulgate such rules and regulations necessary
33 for the proper implementation of this Act within ninety (90) days from the
34 effectivity of this Act.
35

36 **SEC. 16. Separability Clause.** If any provision of this Act is declared
37 unconstitutional or invalid, the other sections or provisions not otherwise affected
38 shall continue to be in full force and effect.
39

40 **SEC. 17. Repealing Clause.** All laws, executive orders, decrees, instructions,
41 rules and regulations contrary to or inconsistent with any provision of this Act are
42 hereby amended, repealed or modified accordingly.
43

44 **SEC. 18. Effectivity Clause.** This Act shall take effect fifteen (15) days after its
45 publication in at least two (2) newspapers of general circulation.
46

47 *Approved.*

FACT SHEET

Substitute Bill to House Bill 1876

AN ACT ESTABLISHING A VOLUNTARY STUDENT LOAN PROGRAM BY BANKS AND GOVERNMENT FINANCIAL INSTITUTIONS, PROVIDING INCENTIVES THEREFOR AND FOR OTHER PURPOSES

Introduced by: Reps. Romulo, Angara, Ong, Piamonte, E. Magsaysay, Romualdo, Gullas, C. Sarmiento, Flores, Jr., R. Mendoza, Tinga, Teves, Ungab, R. Rodriguez, Mercado, Panotes, F. Gonzalez, Mellana and A.F. Go

*Committee Referral: COMMITTEE ON HIGHER AND TECHNICAL
EDUCATION*

Committee Chairperson: JUAN EDGARDO M. ANGARA

Objectives:

- To address the problem of lack of access to education due to economic difficulties
- To encourage banks to help the government perform its responsibility of making education accessible to as many Filipinos as possible through public-private partnership
- To ensure that each Filipino family will have at least one college graduate

Key Provisions:

- Provides that the student loan shall cover the cost of the entire program offered by the higher education institution (HEI) or tech-voc institute, including, but not limited to, tuition and miscellaneous fees and provided that adjustments shall be made in case of increase in tuition and miscellaneous fees
- Includes in the loan package an amount for the cost of attendance covering necessary expenses of the student for books, food, transportation, board and lodging and a reasonable allowance for projects and other school requirements
- Provides that the student-borrower shall pay only the principal of the loan and the interest rate based on the ninety-one (91) day T-Bill rate at the time of release of the loan to be paid by the student-borrower
- Provides that the loans shall be exempted from payment of documentary stamp tax
- Mandates the Bangko Sentral ng Pilipinas to provide other incentives, which may be non-monetary, to be given to banks and government financial institutions participating in the voluntary student loan program

- States that a student-borrower shall be given preferential employment after graduation
- Allows repayment of the loan not earlier than twenty-four (24) months after the student-borrower ceases attending the tech-voc institute or HEI , and ending eight (8) years after such date, except that such period may begin earlier than twenty-four (24) months upon the request of the student-borrower

Related Laws:

- Republic Act 7722 Higher Education Act of 1994)
- RA 7796 (TESDA Charter)
- RA 8545 (Expanded GASTPE Law)