



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. **1260**

Introduced by Hon. Reynaldo V. Umali

EXPLANATORY NOTE

This bill seeks to mandate all private colleges and universities to grant full scholarships to at least twenty (20%) percent of its total tertiary level student population particularly the poor but deserving graduates of public high schools and members of the Armed Forces of the Philippines (AFP) and Philippine National Police (PNP). The target twenty (20%) percent will be achieved gradually over a four year period. In return the respective private college or university becomes a tax exempt institution.

Section 1, Article XVI of the Constitution provides that *"the State shall protect and promote the rights of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all."*

The right to quality education is not determined by race, religion, or socio-economic status. Quality education should be enjoyed by all Filipino citizens. Yet, many of the talented young people cannot pursue collegiate education for lack of financial resources thereby putting their talent to waste.

Though the government has been heavily subsidizing the operation of state colleges and universities to provide many qualified students access to quality education, deserving students especially from poor families remain out of school. College education has become more expensive as school fees rise every year. We therefore need to find solutions in order to guarantee a well-educated citizenry for our future generations.

Mandating all private colleges and universities to provide college scholarship grants to at least twenty (20%) percent of its total tertiary level student population is one option to carry out the constitutional mandate of facilitating accessibility of quality education to all citizens. The establishment of more private colleges and universities is clearly indicative of their profitability. Indeed private schools are now run like corporations. Requiring all private schools to grant scholarship is not only a part of their

marketing strategy but also a noble gesture of their sense of corporate responsibility and gratitude to the Filipino people. However, these private educational institutions may claim their expenses incurred in their scholarship program as tax deductions from their gross income or revenues as tax incentives. The arrangement also creates a win-win situation, as educational institutions can claim a full tax exempt status, once it attains the target 20% scholar population.

This measure also includes the members of the AFP and PNP, and their dependents as recipients of the opportunity to pursue their tertiary education in private schools as full scholars. Often, our soldiers and policemen belong to the impoverished sectors of our society.

In view of the foregoing, approval of this bill is highly recommended.



REYNALDO V. UMALI
Representative, 2nd District
Oriental Mindoro

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AN ACT

MANDATING ALL PRIVATE COLLEGES AND UNIVERSITIES TO GRANT SCHOLARSHIPS TO AT LEAST TWENTY (20%) PERCENT OF ITS TOTAL TERTIARY LEVEL STUDENT POPULATION PARTICULARLY THE POOR BUT DESERVING GRADUATES OF PUBLIC HIGH SCHOOLS AND DEPENDENTS OF THE MEMBERS OF THE ARMED FORCES OF THE PHILIPPINES AND PHILIPPINE NATIONAL POLICE.

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

SECTION 1. Short Title. – This Act shall be known as the “Private College and University Scholarship Act.”

SEC. 2. Declaration of Policy. – It is the policy of the State to promote and ensure quality education for all Filipino citizens and it shall provide mechanisms to facilitate access to higher education, recognizing in the process the government’s responsibility to put education as a priority over its other functions. Towards this end, scholarships shall be provided to poor but deserving graduates of public high schools and members of the Armed Forces of the Philippines (AFP) and Philippine National Police (PNP) in all private colleges and universities.

SEC. 3. Scholarship Grant. – All private colleges and universities shall grant full scholarship to at least twenty (20%) percent of its total college student population which shall be available to poor but deserving graduates of public high schools and members of the AFP and the PNP who have not finished a four (4) year college degree. Implementation of this bill shall be done in phases by these institutions, as follows: on the first year, five percent (5%) of the student population shall be full scholars; on the second year, ten percent (10%), on the third year, fifteen percent (15%), and on the fourth and succeeding years, twenty percent (20%).

SEC. 4. Qualifications of Public High School Graduates. – Any graduate from a duly recognized public high school who possesses the following qualifications may avail of the scholarship grant:

- a) Must have passed the college or university entrance examination where applicant intends to enroll;
- b) Must not have been granted and/or enjoying any scholarship or study grant;
- c) The gross family income must not exceed FIVE HUNDRED THOUSAND PESOS (PHP500,000.00) per annum.

SEC. 5. **Eligible Members of AFP and PNP.** – In addition to the qualifications provided in paragraphs (a) and (b) of Section 4 of this Act, any member of the AFP or PNP who is in active duty and not a holder of a college degree, may avail of the scholarship grant: *Provided*, that such member shall have been in active duty for at least two (2) consecutive years immediately prior to the date of application for the grant.

SEC. 6. **Dependents of Members of AFP and PNP.** – Dependents of eligible members of the AFP and PNP as described in Sec. 5 hereof may likewise avail of full scholarships in private colleges and universities: *Provided*, that only one dependent shall avail of the scholarship grant; *Provided further*, that more than one dependent may avail of the scholarship grant for as long as the gross family income does not exceed Five Hundred Thousand Pesos (Php500,000.00).

SEC. 7. **Maximum number of Scholars.** – After having complied with Sec. 3 hereof, private colleges and universities shall not be obligated to accept additional scholars: *Provided*, nothing in this section disallows said private colleges and universities to extend said privileges to other qualified scholars.

SEC. 8. **Tax Incentives.** – The private colleges and universities may claim the total expenses incurred in providing the scholarship grants provided in Section 3 of this Act as tax deductions in proportion to the number of scholarships given: *Provided*, That the total expenses shall be allowed as deductions from the educational institutions' gross income for the same taxable year that the expenses were incurred for the scholarship: *Provided further*, That the total amount of the claimed tax deductions net of value-added tax (VAT), if applicable, shall be included in their gross income or revenues derived from their school operations for tax purposes in accordance to the provisions on allowable deductions covered by Chapter VII of the National Internal Revenue Code (NIRC), as amended: *Provided further*, that upon implementation of the final phase, the private colleges and universities may apply for total exemption from payment of taxes except as otherwise provided in the NIRC.

SEC. 9. **Implementing Rules and Regulations.** – The Chairman of the CHED shall, in consultation with the Philippine Association of Private Schools, Colleges and Universities (PAPSCU) and Bureau of Internal Revenue (BIR), within sixty (60) days from the effectivity of this Act, issue the necessary rules and regulations for the effective implementation of this Act.

SEC. 10. **Repealing Clause.** – All laws, decrees, executive orders, proclamations, rules and regulations, and other issuances, or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 11. **Effectivity.** – This Act shall take effect fifteen (15) days after publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved.