

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

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1289



Introduced by Representative Roman T. Romulo
Lone District of Pasig City

EXPLANATORY NOTE

It is the constitutional mandate of the State to give priority to education in order to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development. The State has the duty to protect and promote the right of all citizens to qualify education at all levels and ensure universal access to such education.

The private sector particularly banks and government financial institutions play a vital role in the national growth by providing an environment conducive to the sustained development of the national economy.

This bill seeks to promote quality education that is accessible for everyone by encouraging the private sector's participation, particularly banks and government financial institutions, in establishing a student assistance program where eligible students are afforded an opportunity to attend vocational or technical institutions, or institutions of higher education, by making available to them funds procured through loans, to cover the cost of tuition fees and other living expenses, payable in installments after graduation.

For these reasons, the passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read "Roman T. Romulo".

HON. ROMAN T. ROMULO

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Sixteenth Congress
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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:*

SECTION 1. Short Title. This Act shall be known as the "Voluntary Student Loan
Program Act."

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

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

- 1) CHED – refers to the Commission on Higher Education.
- 2) Higher Education Institution (HEI) - refers to an educational institution that
is legally authorized to offer a program of education leading to the conferment
of a degree.
- 3) TESDA – refers to the Technical Education and Skills Development Authority
as established under Republic Act No. 7796, otherwise known as the TESDA
Law.
- 4) Technical-Vocational Institute – refers to a technical-vocational (tech-voc)
education and training institution accredited by TESDA which offers any non-
degree program at the post-secondary educational level oriented towards
skills proficiency leading to certificate or diploma in preparation for a particular
occupation or group of middle-level occupations.
- 5) Lender – refers to a bank or a government financial institution which
provides loans to student borrowers pursuant to this Act.
- 6) Student-Borrower – refers to an eligible student with a loan under this Act.

- 1 7) Eligible Student - refers to a student who meets the admission requirements
2 of a tech-voc institute or HEI and has been accepted for enrollment in a post-
3 secondary technical-vocational institute as a non-degree student or in an HEI
4 as an undergraduate or post-graduate student.
5
6 8) Priority Eligible Student – refers to an eligible student who is an immediate
7 member of a family where no other immediate member of such family is
8 enrolled in or has completed post-secondary or higher education at the time
9 of the loan application.
10
11 9) Government Financial Institutions – refer to financial institutions in which the
12 government directly or indirectly owns majority of the capital stock and which
13 are registered and directly supervised by the *Bangko Sentral ng Pilipinas*.
14
15 10) Higher Education – refers to college and graduate education or training in an
16 educational program leading to a degree offered in HEIs. It is also known as
17 Tertiary Education.
18
19 11) Post-Secondary Education – refers to education and training in non-degree
20 vocational and technical courses offered in post-secondary technical-
21 vocational institutions.
22

23 **SEC. 4. Registration of Student Loan Program under this Act.** Banks,
24 whether government or private, and government financial institutions participating
25 in the student loan program may allot a portion of their loanable funds for loans
26 to eligible students. Such banks and government financial institutions
27 participating in the program may be entitled to avail themselves of the incentives
28 under this Act by the registration of their student loan program with the *Bangko*
29 *Sentral ng Pilipinas* (BSP).
30

31 In addition, the BSP shall provide other incentives, which may be non-
32 monetary, to banks and government financial institutions participating in the
33 voluntary student loan program under this Act.
34

35 **SEC. 5. Loan Coverage.** - The loan shall cover the cost of the entire program
36 offered by the HEI or tech-voc institute, including, but not limited to, tuition and
37 miscellaneous fees: *Provided*, That adjustments shall be made in case of
38 increase in tuition and miscellaneous fees. It shall likewise include an amount for
39 the cost of attendance, covering necessary expenses of the student for books,
40 food, transportation, board and lodging and a reasonable allowance for projects
41 and other school requirements.
42

43 **SEC. 6. Student-Borrower Number.** For proper implementation of this Act and
44 to better facilitate the collection of the loan, the SSS and the GSIS shall issue,
45 upon application, an SSS or GSIS number to the student-borrower. The number
46 so issued shall serve as the permanent SSS or GSIS number of the student-
47 borrower in case of future employment with the private or government sector.
48

49 **SEC. 7. Qualification Requirements of Student-Borrower.** - Any student-
50 borrower eligible under this Act shall have the following entry requirements:
51

52 A. General entry requirements:
53

- 54 1) Must be a Filipino citizen;
55

- 1 2) Currently enrolled or intends to enroll or re-enroll in any of the priority
2 courses to be determined by CHED or TESDA;
3
- 4 3) Has parents or guardians who are Social Security System (SSS) or
5 Government Service Insurance System (GSIS) members or SSS prior
6 registrants; and
7
- 8 4) Does not currently enjoy any scholarship or study grant.
9
- 10 B. Additional specific entry requirement for priority eligible student:
11
- 12 1) Barangay certification that no other immediate family member of the
13 student is enrolled or has completed a post-secondary education at the
14 time of the loan application; or
15
- 16 2) Notarized self-certification that no other immediate family member of the
17 student is enrolled or has completed a post-secondary education at the
18 time of the loan application.
19
- 20 C. Other requirements as may be determined by banks.
21
- 22 **SEC. 8. Loan Application.** - Any eligible student-borrower may file the loan
23 application with a participating bank or government financial institution. A loan
24 application shall include, among others:
25
- 26 a. The Student SSS or GSIS number;
27
- 28 b. The Taxpayer's Identification Number (TIN) of the student, in case one is
29 employed;
30
- 31 c. The list of expenses which shall include the total tuition fees for the entire
32 period of attendance to complete the student's course or degree, with a
33 necessary allowance for any increase that the tech-voc institute or HEI may
34 rightfully make and the other miscellaneous expenses certified by the educational
35 institution;
36
- 37 d. A reasonable approximation of the cost of attendance of the student in the
38 chosen HEI or tech-voc institute which shall include, among others, the cost of
39 books, board, lodging and transportation expenses;
40
- 41 e. A statement of the student-borrower on the preferred employer in the future,
42 whether with the private or public sector; and
43
- 44 f. All other requirements that the participating bank or government financial
45 institution may impose for the proper identification of the student.
46
- 47 **SEC. 9. Loan Disbursement.** - Upon approval of the loan application, the loan
48 shall be disbursed in tranches every semester or trimester, or any other term of
49 attendance, depending on the academic calendar adopted by the HEI or tech-voc
50 institute. Any succeeding tranche shall be disbursed on the condition that the
51 student-borrower completes the term previously enrolled in as certified by the HEI
52 or tech-voc institute. The tuition and miscellaneous fees payable to the
53 educational institution shall be disbursed or be made payable directly to the HEI
54 or tech-voc institute.
55
- 56 **SEC. 10. Withholding of Second or Subsequent Disbursement.** - A lender
57 who receives information that the student-borrower has ceased to be enrolled

1 before the disbursement of the second or any succeeding installment shall
2 withhold such disbursement. Any disbursement which is so withheld shall be
3 credited to the student-borrower's loan and treated as a pre-payment thereon.
4

5 **SEC. 11. Interest Rate and Tax Credit.** - For any loan procured under this Act,
6 lenders shall charge an interest based on the prevailing ninety-one (91)-day
7 Treasury Bill rate at the time of release of the loan to be paid by the student-
8 borrower and an additional interest of three percent (3%) and in case of loans to
9 priority eligible students an additional interest of five percent (5%), which shall not
10 be payable by the student but may be claimed by the lender as a tax credit
11 against gross receipts tax: *Provided*, That for the same taxable year that the
12 additional interest is due: *Provided, further*, That the total amount of the additional
13 interest and the claimed tax credit shall be subject to proper documentation and
14 to the provisions of the National internal Revenue code, as amended.
15

16 **SEC. 12. Terms and Conditions of Loans.** - Any loan agreement shall:
17

18 a. Be evidenced by a note or other written instrument which provides for
19 repayment of the principal amount of the loan, together with the interest thereon,
20 in equal installments or when the borrower so requests, in graduated periodic
21 installments, payable quarterly, bi-monthly or monthly at the option of the
22 student-borrower, over a period beginning not earlier than twenty-four (24)
23 months after the student-borrower ceases attending the tech-voc institute or HEI,
24 and ending eight (8) years after such date, except that such period may begin
25 earlier than twenty-four (24) months upon the request of the student-borrower
26

27 b. Include a provision for acceleration of repayment of the whole, or any part, of
28 such loan, at the option of the student; and
29

30 c. Include a provision for preferential employment of the student-borrower upon
31 graduation.
32

33 **SEC. 13. Collection.** A lender shall file a request with the GSIS or the SSS to
34 collect the repayment of the loan through its system of salary deduction and
35 withholding. It may likewise enter into an arrangement with the Philippine
36 Overseas Employment Administration (POEA) and the Overseas Workers
37 Welfare Administration to ensure collection from the student borrower seeking
38 employment abroad.
39

40 **SEC. 14. Program Administration.** An inter-agency team composed of the
41 CHED, TESDA, BSP, Bankers Association of the Philippines (BAP), Chamber of
42 Thrift Banks (CTB) and the Rural Bankers Association of the Philippines (RBAP)
43 shall jointly be responsible for policy guidance and direction, monitoring and
44 evaluation of the student assistance program under this Act. The CHED and
45 TESDA shall chair and co-chair, respectively, the said team.
46

47 **SEC. 15. Implementing Rules and Regulations.** The CHED, TESDA,
48 Department of Finance and the BSP, in consultation with the SSS, GSIS, Bureau
49 of Internal Revenue, Central Credit Information Corporation, National Bureau of
50 Investigation (NBI), POEA, the Coordinating Council of Private Educational
51 Associations (COCOPEA) and the Philippine Association of State Universities
52 and Colleges (PASUC), shall promulgate such rules and regulations necessary
53 for the proper implementation of this Act within ninety (90) days from the
54 effectivity of this Act.
55

1 **SEC. 16. *Separability Clause.*** If any provision of this Act is declared
2 unconstitutional or invalid, the other sections or provisions not otherwise affected
3 shall continue to be in full force and effect.
4

5 **SEC. 17. *Repealing Clause.*** All laws, executive orders, decrees, instructions,
6 rules and regulations contrary to or inconsistent with any provision of this Act are
7 hereby amended, repealed or modified accordingly.
8

9 **SEC. 18. *Effectivity Clause.*** This Act shall take effect fifteen (15) days after its
10 publication in at least two (2) newspapers of general circulation.
11

12 *Approved,*