

Republic of the Philippine
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 2775



INTRODUCED BY REP. ROMAN T. ROMULO

EXPLANATORY NOTE

It is a sad reality that millions of impoverished Filipino families find it impossible to send their children to school, much less finish their college education. The national government's efforts to make education accessible through various student financial assistance programs (STUFAPs) like scholarships, study grants and student loans are apparently not enough owing to various issues like poor targeting of beneficiaries and inadequacy of allocation per student, among others.

The Philippine Institute for Development Studies and the Development Research Center, which were tapped recently by the Commission on Higher Education (CHED) to conduct a study on the STUFAPs being implemented by the national government, reported last year that these programs are meager, fragmented and not really pro-poor. The study revealed that the ongoing STUFAPs have assisted only about 60,000 students in 2011 or about 2% of the 2.7 million college students.

Moreover, national government spending on STUFAPs mostly goes to basic education, accounting for about 62 % of the budget and only 23 % and 15% go to higher education and technical-vocational education, respectively. The highest increase in scholarship was noted between 2008 and 2009, with about 19% compared to the previous school year where it was only less than two percent. The study further showed that there is a low enrollment rate, as well as completion rate among the poor and near poor, because even low quality HEIs are way beyond the paying capacity of these sectors.

Another weakness of the ongoing STUFAPs is the ineffective monitoring of the performance of beneficiaries as there is no institutional mechanism for tracer study or a tracking system among the agencies implementing these programs. While the implementing agencies created guidelines or criteria for the process of selection, such were not actually observed and there is no oversight to ensure compliance of beneficiaries.

Moreover, the PIDS and DLSU study noted that the policies implementing the scholarships are limited only to the promotion of previously defined priority courses. The policies have not stipulated any mechanisms for dialogue or consultation with industries as basis for identifying new priority courses more appropriate to the needs of the industry. Hence, this leads to employment problems because the STUFAPs groom professionals with lesser demand from the industries.

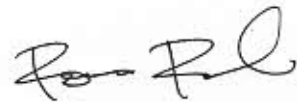
Recognizing the need to strengthen the STUFAPs, this bill aims not only to improve the capacity of the government to assist students in the completion of their education, but more importantly, to improve the efficiency and effectiveness of these

programs, promote equity in the allocation of scarce government resources, rationalize access, and ensure sustainability.

A very important feature of this bill is the harmonization, rationalization of STUFAPs through a unified student financial assistance system, which shall be known as the Unified Student Financial Assistance System for Higher and Technical Education (UniFAST), and which shall have as integral components all existing financial assistance programs for higher and technical education students in both public and private institutions, including national scholarships, grants-in-aid, special purpose or sector educational assistance, student loans, and government programs in partnership with other stakeholders, among others, and which are nationally funded and/or implemented by national government agencies, branches and instrumentalities.

Likewise, the measure seeks to provide adequate funding for the STUFAPs not only through reliance on the national budget, but through diversified sources, such as grants, donations, and other forms of assistance from local and foreign donor agencies and other public or private entities to support the program, subject to regular auditing guidelines and procedures. Cost-sharing or counter-parting schemes among national government and local government units shall also be encouraged to support the implementation of the UniFAST.

In view of the foregoing reasons, immediate approval of this measure is earnestly sought.

A handwritten signature in black ink, appearing to read 'Roman T. Romulo', with a stylized flourish at the end.

ROMAN T. ROMULO

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Introduced by Honorable ROMAN T. ROMULO

AN ACT PROVIDING FOR A COMPREHENSIVE AND UNIFIED STUDENT FINANCIAL ASSISTANCE SYSTEM FOR HIGHER AND TECHNICAL EDUCATION, THEREBY RATIONALIZING ACCESS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

SECTION 1. *Short Title* – This Act shall be known as the *Unified Student Financial Assistance System for Higher and Technical Education Act*.

SEC. 2. *Declaration of Policy* – It is the declared policy of the State to provide all its citizens access to quality education, accelerate social progress and promote human liberation and development. Towards this end, the State shall provide adequate funding and such other mechanisms to increase the number of poor but academically able and highly motivated students to successfully pursue and complete higher and technical education programs in quality institutions, thereby promoting equitable and rationalized access by poor Filipinos to high quality higher and technical education.

For these reasons, the existing national government programs for scholarships, grants-in-aid and loans for higher and technical education are hereby unified and harmonized to improve their efficiency and to ensure that deserving Filipinos are given equitable access to educational opportunities.

SEC. 3. *Objectives* – The objectives of this Act are as follows:

- a) To rationalize the allocation, utilization and clientele-targeting of all public resources expended by national government agencies in order to promote and maintain harmonized and coherent national and regional human capital development programs;
- b) To promote academic excellence among higher and technical education students regardless of economic status, and ensure consistency, continuity and efficient coordination of student financial assistance policies and programs;
- c) To directly channel public resources to students in order to provide them the freedom of informed choices of programs and institutions, while providing incentives to promote certain priority programs, including undersubscribed programs, as adopted by the Board created under this Act;
- d) To promote equitable and democratic access to quality education as a social justice measure to counter poverty and income inequality among Filipino families, by, among others, establishing a government grants-in-aid program for students

from the marginalized sectors of Philippine society, taking into account the special needs and the circumstances of certain disadvantaged groups;

- e) To ensure regional equity in the distribution of student financial assistance slots;
- f) To establish a unified, improved, and expanded scholarship program that will create an environment conducive for bright and talented students developing their full potential and participating in public service, encourage academic excellence among highly capable students, motivate gifted youth to fully develop their talents, and enlarge the pool of world class Filipino researchers, artists, creative innovators, thinkers and leaders; and
- g) To institutionalize a self-sustaining National Student Loan Program that will provide short- and long-term financial assistance to qualified students for tertiary education, in order that such students will no longer be prevented from pursuing their dream of higher education because they face liquidity issues and are unable to obtain tuition loans from regular lending institutions.

SEC. 4. Definition of Terms – For purposes of this Act:

- 1) "*Average Cost of Higher Education*" refers to the tuition fees and other related fees in private schools, and in the case of SUCs, the cost per student, plus the cost of living allowance and other incidental expenses;
- 2) "*Blend*" refers to a combination of the above modalities of student assistance such as GIA and student loan, depending on the needs of the student applicant, as determined by the Board;
- 3) "*Board*" refers to the Unified Student Financial Assistance System for Higher and Technical Education (UniFAST) Board, which is the body responsible for the review of existing government policies and the promulgation of the minimum guidelines on student financial assistance programs, as well as the coordination and provision of support to implementing agencies in fund allocation, formulation, approval and implementation of national government student financial assistance policies and strategies for higher education and programs offered or administered by national government agencies;
- 4) "*Board-Registered Programs and Institutions*" refers to quality-assured programs and higher and technical education institutions which have been certified by the Commission on Higher Education (CHED) and the Technical Education and Skills Development Authority (TESDA) as complying with acceptable standards;
- 5) "*Educational Expenses*" refers to expenses related to the education of a student, such as books, subsistence and board and lodging, but excluding tuition and miscellaneous and other school fees;
- 6) "*GIA Beneficiary*" refers to a student recipient of grant-in-aid;
- 7) "*Grantee*" refers to the recipient of any of the three modalities of the UniFAS, namely, scholarship, grant-in-aid and loan;
- 8) "*Grants-in-Aid (or GIA)*" refers to a modality of free financial assistance to poor but eligible students which generally requires a minimum level of competence but not excellence;

- 9) "*Higher Education*" refers to the stage of formal education, or its equivalent, requiring completion of secondary education and covering programs of study leading to bachelor and advanced degrees;
- 10) "*Higher Education Institution (or HEI)*" refers to an institution of higher learning, primarily offering degree programs;
- 11) "*Honorific Scholarship*" refers to a special recognition given to a deserving student in terms of intellectual merit and special abilities, who is not exempted from paying tuition and other fees, and for purposes of this Act, is not included under the term "Scholarship" as defined in Section 4 (3);
- 12) "*Local Universities and Colleges (or LUCs)*" refers to public education institutions established by local government units through an enabling ordinance, and financially supported and maintained by the concerned local government;
- 13) "*Long-Term Student Loans*" refers to loans that are payable after the student borrowers have completed their tertiary education within a period of at least ten (10) years;
- 14) "*Miscellaneous and Other School Fees*" refers to those fees which cover other necessary costs supportive of instruction, including, but not limited to, medical and dental, athletic, library and laboratory fees;
- 15) "*National Government Agency*" refers to any of the various units of the national government, including a department, bureau, office, instrumentality, or government-owned or controlled corporations, that either administers or finances the various modalities of student financial assistance;
- 16) "*Parent*" or "*Guardian*" refers to the head of the family, foster home, or similar institutions who exercises custody or parental authority over the student;
- 17) "*Qualifying Examination System for Scoring Students*" refers to the appropriate annual examination and assessment of potentials, separately designed for undergraduate and graduate students to be developed by the Board in harmony with the national exit examination of the K to 12 and administered on a national scale for all prospective applicants to all modalities of student financial assistance for tertiary education;
- 18) "*Rationalized Access*" refers to improved efficiency in the implementation of a comprehensive and unified student financial assistance program for tertiary education pursuant to the principles of increased participation of the economically disadvantaged and marginalized sectors; equity in the regional distribution of economic resources; congruence of the qualifications of tertiary education graduates and labor market needs; and relevance to the country's national development and global competitiveness, among others;
- 19) "*Registry of Programs and Institutions*" refers to the registry of institutions and programs to be created by the Board for institutions and programs that have met the quality standards as certified by the CHED and TESDA;
- 20) "*Scholar*" refers to a student recipient of a scholarship grant;
- 21) "*Scholarship*" refers to a modality of free financial assistance given to deserving students on the basis of merit, such as laudable academic performance, exemplary talent, special technical proficiencies and skills. Scholarship also refers

to the intellectual pursuits of a scholar that give rise to research and development and innovations as well as other creative works;

- 22) "*Short-Term Student Loans*" refers to loans payable on a semestral or trimestral basis;
- 23) "*Special Public Higher Education Institutions (or SPHEIs)*" refers to a category of public organizations offering higher education programs related to public service in pursuance with the basic mandate of their parent agencies and are operated and controlled in accordance with special laws; they provide specialized academic, research and technical assistance programs, such as public/business management, internal security, military science and national defense, e.g. Philippine Military Academy (PMA), Philippine National Police Academy (PNPA), and Development Academy of the Philippines;
- 24) "*Special Private Higher Education Institutes (or SPrHEIs)*" refers to a unique type of Philippine higher education institutions offering a single or group of specialized graduate degree programs created by/for special interest/professional groups;
- 25) "*Special Purpose Education Assistance*" refers to financial assistance for the conduct of undergraduate and graduate research, scientific studies, including funding assistance for the writing and publication of books, manuscripts, theses, dissertations, scientific and technical journals, or for production, filming and digital technology documentation of research and studies or development of instructional and academic materials, and science prototypes, among others;
- 26) "*State Universities and Colleges (SUCs)*" refers to public HEIs with independent and separate governing boards established by national laws which constitute their individual charters, and financed and maintained by the national government;
- 27) "*Student Loan*" refers to a modality of student financial assistance where short-term or long-term loans are provided to finance the tertiary education of students facing liquidity problems, regardless of economic status. These loans are debts to be paid by the student, his/her parents, guardians, or co-makers;
- 28) "*Student-Borrower*" refers to a student beneficiary of the National Student Loan Program;
- 29) "*Technical Education/Technical-Vocational Education and Training (or TVET)*" refers to the education or training process which involves, in addition to general education, the study of technical and related fields and the acquisition of practical skills relating to occupations in various sectors, comprising formal (organized programs as part of the school systems) and non-formal (organized classes outside the school system) approaches;
- 30) "*Tertiary Education*" refers to the stage of education following the secondary cycle, and includes higher education programs, post-secondary non-degree programs, and technical-vocational education and training programs;
- 31) "*UniFAST Trust Funds*" refers to the Unified Student Financial Assistance for Higher and Technical Education (UniFAST) cross-subsidy benefit trust funds for Student Loans ("Loan Fund") and the Grants-in-Aid and Scholarships ("GIAS Fund") created under this Act, which shall be the depository of all funds appropriated for scholarships from the General Appropriations Act (GAA) and receipts from private grants and donations for scholarship programs of government agencies and instrumentalities covered by this Act, as well as

earnings from investments of these monies, all of which shall collectively be accounted for, distinct and separate from the regular accounts of the implementing agencies and instrumentalities

32) "*Unified Student Financial Assistance System for Higher and Technical Education (or UniFAST)*" refers to the harmonized, state-run and administered system of higher education and technical-vocational scholarship, grant-in-aid and loan programs under this Act; and

33) "*Unit*" refers to a prescribed standard of measure of college work usually based on the hours of academic instruction.

SEC. 5. Scope and Coverage of the UniFAST – There shall be instituted a unified student financial assistance system, which shall be known as the Unified Student Financial Assistance System for Higher and Technical Education (UniFAST), and which shall have as integral components all existing financial assistance programs for higher and technical education students in both public and private institutions, including national scholarships, grants-in-aid, special purpose or sector educational assistance, student loans, and government programs in partnership with other stakeholders, among others, and which are nationally funded and/or implemented by national government agencies, branches and instrumentalities.

All legislated student financial assistance programs pertaining to higher and technical education shall be integrated into the UniFAST, including (i) programs under the Expanded Government Assistance for Students and Teachers in Private Education (E-GASTPE Law) or Republic Act No. 6728, as amended by Republic Act No. 8545, (ii) the Private Education Student Financial Assistance (PESFA) program, (iii) the State Scholarship Program under Republic Act No. 4090, as amended, and (iv) current assistance programs and projects created pursuant to pertinent provisions of special laws for specific sectors or special beneficiaries.

The UniFAST shall harmonize, reform, strengthen, expand, rationalize, and re-focus all ongoing student financial assistance programs of the government for greater efficiency, coherence, synchronization, effective funding and improved coordination among implementing entities in their specific jurisdiction: *Provided, That* there shall be implementation *status quo* of effective programs implemented by other government agencies.

Notwithstanding this provision, the implementing agencies are required to submit reports, make their selection process transparent to the public, and comply with the minimum requirements that the Board may impose to ensure that these programs are in line with the national policy framework on student financial assistance. Furthermore, all applicants of tertiary student assistance programs funded by the national government shall be required to pass the Qualifying Examination System for Scoring Students, to ensure that they have the capability to learn and gain from tertiary education. For the same reason, all selected beneficiaries shall be required to enrol only in tertiary education programs and institutions included in the Registry.

SEC. 6. Creation of a UniFAST Board – To carry out the purposes of this Act, there is hereby created a Unified Student Financial Assistance System for Higher and Technical Education (UniFAST) Board, hereinafter referred to as the Board, which shall be attached to the Commission on Higher Education (CHED), consisting of:

- (1) the CHED Chairperson as ex-officio Chair;
- (2) the DOST Secretary as ex-officio Co-Chair;

- (3) the TESDA Director-General as ex-officio Co-Chair;
- (4) a representative from the Department of Labor and Employment (DOLE) as ex-officio member;
- (5) a representative from the National Economic and Development Authority (NEDA) as ex-officio member;
- (6) one representative each from (i) the Coordinating Council of Private Educational Associations (COCOPEA), (ii) the Philippine Association of State Universities and Colleges (PASUC), (iii) the Association of Local Colleges and Universities (ALCU), and (iv) the Technical-Vocational Schools Association of the Philippines (TEVSAPHIL), to be appointed by the President of the Philippines.

SEC. 7. Powers and Functions of the Board – The Board shall have the following powers and functions:

- a) Formulate and approve the national government student financial assistance policies and strategies for higher and technical education, and review existing policies to ensure consistency with policy framework under this Act;
- b) Facilitate the inclusion of members of marginalized sectors as grantees of the financial assistance program to widen access to quality tertiary education and allow them to meaningfully participate in governance and promote inclusive leadership;
- c) Provide technical and financial assistance and other forms of support to implementing agencies with proven effective programs to ensure the effective implementation of this Act;
- d) Coordinate with the implementing agencies of student financial assistance programs in the formulation, approval and issuance of guidelines towards the development and promotion of a comprehensive, unified system on student financial assistance to guide all government agencies, branches and instrumentalities which administer student financial assistance programs for higher and technical education, including the approval of this Act's implementing rules and regulations, consistent with the government's national development framework;
- e) Prepare, approve and submit to the Department of Budget and Management (DBM) its own coherent budget proposal for student financial assistance, in addition to the individual budget proposals of the various implementing agencies, including vetting and integrating all requests for public funding of higher and technical education student assistance programs;
- f) Provide general guidelines for the drawing up of contracts with the student beneficiaries specifying the rights and obligations of the parties, that may include a service clause or such other stipulations of cost recovery the Board may deem in the best interest of the public and consistent with or responsive to national social, economic and human resources development plans ;
- g) Ensure faithful implementation of the policies and strategies of the UniFAST by its technical staff and partner agencies, including monitoring, assessment and impact evaluation of student financial assistance programs and projects;
- h) Design and implement a Qualifying Examination System for Scoring Students in harmony with the national exit examination of the K to 12, or its equivalent, in

harmony with the national exit examination of the K to 12, and based on this system and other complementary criteria the Board may impose and formulate a transparent quantitative scheme for scoring, ranking and selecting applicants for scholarships, Grants-In-Aid, and student loans;

- i) Promulgate the minimum guidelines, rules and regulations for determining qualified beneficiaries of student financial assistance for higher and technical education;
- j) Provide and promote a supportive policy environment for the growth and development of private sector participation for loan programs;
- k) Ensure that beneficiaries are able to maximize the benefits from UniFAST by providing them data for informed decision-making and allowing them freedom of choice among accredited public and private tertiary education programs and institutions;
- l) Formulate, approve and issue guidelines towards the development and promotion of a comprehensive, unified student financial assistance system to guide all government agencies, branches and instrumentalities which administer student financial assistance programs for higher and technical education, including the approval of this Act's implementing rules and regulations, consistent with the government's national development framework;
- m) Primarily manage, administer, and supervise the UniFAST Trust Funds created under this Act, including the allocation and disbursement of funds to implement the program;
- n) Develop and promote a system of individual savings accounts for higher and technical education;
- o) Design and implement a program of generating funds for the UniFAST Trust Funds;
- p) Enter into agreements with private entities and financial institutions to promote the funding and delivery of student loans, consistent with the policy framework as determined by the Board;
- q) Develop an efficient tracking system of Student-Borrowers, as well as a system of disbursement and collection of payments of loans granted under this Act, including but not limited to entering into agreements with the Bureau of Internal Revenue (BIR), Government Service Insurance System (GSIS), the Social Security System (SSS), National Bureau of Investigations, Department of Foreign Affairs (DFA), Philippine Overseas Employment Administration (POEA), Bureau of Immigration (BI), *Bangko Sentral ng Pilipinas* (BSP), Bankers Association of the Philippines (BAP), Credit Information Corporation, private and public banks and banking intermediaries, credit information bureaus, and other government financial institutions, inclusive of investigating and checking the whereabouts of delinquent Student-Borrowers, and setting up mechanisms for blacklisting of defaulting Student-Borrowers in application for loans, credit cards, and other credit facilities;
- r) Receive donations, legacies, gifts and other forms of contribution, whether in cash or in kind, from both public and private sources here and abroad, which shall accrue to the UniFAST Trust Funds created under this Act, and to receive and utilize the services and assistance of experts: *Provided, That* such donations, legacies and contributions shall be exempt from taxation and shall be allowable deductions for income tax purposes in accordance with Section 34-H of the Tax Code of 1997, as amended;

- s) Appoint an Investment Manager of proven competence and integrity for the Investment Portfolio of the UniFAST Trust Funds, should it be deemed necessary; Provided that such appointment should not exceed three (3) years, and subject to performance review prior to renewal;
- t) Set up, maintain and update an official Registry of quality-assured academic and research program and tertiary education institutions in accordance with Sec. 3 of this Act; and
- u) Perform such other powers and functions as may be deemed necessary and incidental for the effective implementation of this Act.

SEC. 8. Term of Office – The members of the Board to be appointed by the President of the Philippines shall have a term of office of two (2) years, without reappointment. In case of resignation, removal, death or disability, the replacement member shall merely serve the unexpired term of office and shall not be eligible for reappointment.

SEC. 9. Meetings. The Board shall meet every month. The Chair of the Board may call special meetings when necessary: *Provided*, That the members will be notified in writing at least three (3) working days prior to said meeting. The presiding officer shall be the Chair of the Board, or in his absence, one of the Co-Chairs.

At least once every quarter, the Board shall review the performance of the UniFAST Trust Funds in terms of the following:

- (1) Total number of current beneficiaries;
- (2) Number of dropouts, voluntary or revoked;
- (3) Average academic performance by year of study;
- (4) Breakdown of Grantees by field of study;
- (5) by district and region of origin;
- (6) Breakdown of Grantees by place of study;
- (7) Breakdown of Grantees by gender;
- (8) Breakdown of Grantees by size of annual family income and family livelihood;
- (9) Total amount of funds received;
- (10) Total repayments made; and
- (11) Current cash positions as against cash requirements for the quarter.

SEC. 10. Quorum – The attendance of a majority of the Board members is necessary in order for the Board to have a quorum to transact business.

SEC. 11. Creation of a UniFAST Secretariat – There is hereby created a Secretariat to be headed by an Executive Director to support the Board in carrying out its functions. The Board shall provide for the institutional set-up, qualifications and compensation of employees composing the Secretariat in accordance with existing Civil Service and Career Executive Service rules and regulations and consistent with the provision of the Salary Standardization Law for government personnel, and determine the size and composition of the Secretariat.

The Secretariat shall exercise the following functions:

- a) Provide technical and administrative support services to the Board's policy-making and implementation functions;

- b) Review, evaluate, and assess programs, plans of action and agenda of the Board, and concomitantly recommend the approval or cancellation of such programs, plans of action and agenda of the Board;
- c) Review, evaluate, and assess programs, plans of action and agenda of the implementing agencies, including proposals for funding, and recommend the approval or cancellation of such programs, plans of action and agenda of the implementing agencies to the Board;
- d) Maintain and update a repository of data and information on all student financial assistance programs for tertiary education administered by any government agency, branch or instrumentality; The Secretariat shall create and maintain a comprehensive database system on the government's student financial assistance programs accessible to the public, pursuant to the policy of transparency and good governance;
- e) Recommend, manage and monitor the processes of contracting out the implementation of UniFAST activities which would be best accomplished by third party providers, as approved by the Board ; and
- f) Perform such other powers and functions as may be determined by the Board.

SEC. 12. *The Executive Director* – There shall be an Executive Director who shall be appointed by the Board and shall have the rank of an Assistant Secretary, and shall hold office for a fixed term of three (3) years, renewable for another three (3) years, based on the Board's assessment of his performance The Executive Director shall have a minimum of seven (7) years managerial experience, be a holder of at least a Master's degree conferred by a reputable education institution, and be Career Executive Service Officer (CESO) eligible. The Executive Director shall perform the following functions:

- a) Serve as the primary coordinator of publicly funded student financial assistance programs for tertiary education students being implemented by various government agencies, branches and instrumentalities;
- b) Manage relationships with partner agencies;
- c) Exercise leadership, supervisory, and administrative functions over the Secretariat;
- d) Ensure the provision of accurate and timely technical inputs and feedback to the Board to guide it in its policy-making functions;
- e) Ensure the proper dissemination and implementation of Board decisions;
- f) Submit an annual report on the operations, status of programs funded, and financial conditions of the Secretariat, including recommendations for the budget in the ensuing year;
- g) Perform such other duties and functions as may be delegated to him/her by the Board;

SEC. 13. *Creation of the Stakeholders Accountability Committee* – To ensure transparency and accountability, and institutionalize consultations with relevant sectors concerned, there is hereby created a Stakeholders Accountability Committee

(SAC) composed of representatives from parents' organizations, students' groups, the youth sector, teachers and educators' groups, HEIs and TVIs, and industry, which shall be convened at least once a year by the Board.

The SAC shall be empowered to inquire into the books of accounts, financial statements, policy statements, issuances and other documents and information of the Board, subject to existing laws and regulations, to protect against misappropriation and mismanagement of the UniFAST trust funds. Minutes of all meetings shall be recorded and attested to by a simple majority of the SAC Members.

SEC. 14. *Creation of UniFAST Trust Funds* – To mitigate budgetary constraints, a mechanism shall be created to ensure the availability of appropriations and cash to cover the release for UniFAST funds. To this effect, (i) the UniFAST Trust Fund for Student Loans, hereinafter referred to as the UniFAST Loan Fund, and (ii) the UniFAST Trust Fund for Grants-in-Aid and Scholarships, hereinafter referred to as the UniFAST GIAS Fund, shall be created under the power and supervision of the Board.

The existing funds and regular appropriations of each government agency, branch or instrumentality which implements a student financial assistance program shall automatically form part of the UniFAST GIAS Fund. Each implementing agency, branch or instrumentality shall manage and be accountable for its own share of the funds which shall be clearly delineated as forming part of the UniFAST Trust Funds, subject to the oversight and supervisory powers of and program standards set by the Board.

The UniFAST GIAS Fund shall be created to address issues arising from the lack of synchronization between the fiscal year (January to December) and the academic year (June to May) and from other financial flow problems. The non-synchronization causes a misalignment which in turn causes delayed payment of benefits to Grantees, leading to serious difficulties for very poor students. Earnings of the Trust Fund shall accrue back to the Trust Fund and be deemed automatically appropriated, subject to Board approval of its use.

All appropriations for the National Student Loan Program and amounts derived from loan repayments of Student-Borrowers, which include payment for the principal, interests, and penalties, donations and contributions earmarked for the program, shall accrue to the UniFAST Loan Fund.

SEC. 15. *Planning and Budgeting the UniFAST Trust Funds* – The Department of Budget and Management (DBM) shall release the funds appropriated for all three UniFASTS modalities in two tranches, half at the beginning of the second quarter and the balance at the beginning of the third quarter of the fiscal year. These releases will be withdrawn in full and deposited into the UniFAST Trust Funds. The availability of the funds in the trust fund will give implementers a more concrete basis for planning its use and sufficient time to firm up the financial plan associated with its usage.

SEC. 16. *Financial Management and Accountability* – All public funds allocated to the government's student financial assistance programs for higher and technical education shall be managed according to standard government accounting and auditing rules and regulations. In addition, specialized processes and procedures shall be developed to enhance transparency and accountability suitable to the program or project for which the fund has been provided. Erring officials and employees who mismanage or misappropriate UniFAST funds shall be subject to reprimand, suspension, dismissal from service, and other disciplinary sanctions pursuant to existing rules and regulations of the Civil Service Commission and other pertinent laws.

SEC. 17. Accounting and Reporting of UniFAST Trust Fund – A separate books of account shall be kept in the implementing agency for the UniFAST Trust Fund. It shall follow standard government rules and regulations for accounting of trust funds. Implementing agencies of the trust fund, however, may adopt additional measures to insure its safety particularly in authorizing payments and processing of disbursements from the fund.

A mid-year and annual report shall be prepared by all implementing agencies. The report shall have two parts, a financial statement and a physical report of operations showing accomplishment of the fund. These reports shall be submitted to Congress and the DBM to inform and aid in decision making and shall be made available to others for valid and acceptable reasons.

SEC. 18. Minimum Qualifications of Applicants – The Board shall promulgate and periodically review the qualification criteria for applicants for any of the three modalities of student financial assistance, subject to the following minimum qualifications:

- a) Filipino citizen;
- b) High School graduate or its equivalent from duly authorized institutions;
- c) Obtained at least the score required by the Board for the Qualifying Examination System for Scoring Students;
- d) Good moral character with no criminal record;
- e) Admission to the technical and vocational institution, college, or university included in the Registry of Programs and Institutions, of his/her choice;
- f) In the case of applicants in technical-vocational programs, he/she shall, in addition to the criteria referred above, pass the TESDA screening/assessment procedure, trade test, or skills competency evaluation;
- g) Must not be a recipient of another government financial assistance program of the full amount at the time of application or during the effectivity of the scholarship, GIA or loan grant; and
- h) Such other qualifications as may be prescribed by the Board.

Provided, that for grants-in-aid and scholarships, priority shall be given to students whose families are beneficiaries of the government's Conditional Cash Transfer Program.

SEC. 19. Grants-In-Aid – To improve equity and facilitate democratic access to quality education given persistent income poverty and inequity, Grants-In-Aid are targeted for students belonging to poor families and marginalized sectors, consistent with official definitions. The financial amount comprising Grants-In-Aid will be determined by the Board, *provided* that it shall cover at least one hundred (100) percent of the average cost of tertiary education in the top forty (40) of the public and private universities listed in the Registry of Programs and Institutions.

The grant shall include an amount for basic living expenses that will enable the Grantee to focus on completing his/her tertiary education. The Board shall formulate and establish the policies and mechanisms for the identification of Grantees based on objective indicators derived from credible databases.

SEC. 20. Scholarships – A unified, improved, and expanded government-funded scholarship program shall be instituted to promote an environment conducive for the development of bright and talented students to serve the public good and enlarge the pool of world class Filipino researchers, artists, creative innovators, thinkers and leaders.

The financial amount for scholarships shall be determined by the Board. It shall cover at least 100 percent of the average cost of tertiary education of the top ten (10) public and private universities listed in the Registry of Programs and Institutions. It shall also include the average cost of books and other educational materials required by the program of study chosen by the scholarship recipient. Recipients whose residence is outside of the location of the chosen tertiary institution shall also be entitled to a living allowance.

SEC. 21. National Student Loan Program (NSLP) – As the overarching policy-making body under this Bill, the Board shall develop a long term plan for the development of a self-sustaining National Student Loan Program (NSLP), which shall provide qualified students short-term and long term financial assistance for tertiary education. This plan shall be based on a systematic evaluation of and lessons learned from current and past student loan schemes, both local and international.

The development of the NSLP shall be based on the professionalization of its management, the establishment of an appropriate organizational set-up and the institution of accountability mechanisms, sanctions and incentives conducive for the effective and efficient collection of loan repayments.

SEC. 22. Student Loans – Short and long-term student loans shall address liquidity issues facing students who are unable to borrow at reasonable market interest rates and are prevented from pursuing or completing courses of study. Student-Borrowers shall have at least the minimum level of preparedness and proficiency to successfully complete a good quality tertiary education, as determined by their Yearly Examination System for Scoring Students results for incoming freshmen students, or in the case of non-freshmen the general weighted average (GWA) of 80 percent or its equivalent for at least the last two semesters enrolled in, in addition to such other criteria as may be determined by the Board to measure their capability to repay the loan.

SEC. 23. Short-Term Student Lending (STL) Program – The Board shall establish the STL program with a seed capital appropriated from the UniFAST Loan Fund to encourage and enable tertiary education institutions to strengthen, expand, or establish their own or institution-based STL programs to alleviate the short-term liquidity problems of students hereinafter, generally known as institutions-based student loan program. Higher education institutions may apply for funding to the STL relending program of the UniFAST, subject to Board approval.

The Board shall develop the STL Rules and Guidelines (STL-RG) to ensure good governance, efficiency and equity in the use of UniFAST's STL funds. The Board shall formulate the guidelines on the imposition of interest rates, in the case of short-term student loans to secure the sustainability of the fund while at the same time ensuring its affordability to students.

SEC. 24. Loanable Amount, Long-Term Loans – The Board shall determine the maximum amount that can be availed of by the Student-Borrower to cover the cost of education. Educational loans under this Act shall cover tuition and other school fees

and may also cover related educational expenses, such as, but not limited to books, subsistence, and board and lodging depending on the financial need of the Student-Borrower: *Provided*, That student loans shall in no case exceed seventy-five percent (75%) of average cost of higher education in the top forty (40) of the public and private universities listed in the Registry of Programs and Institutions: *Provided further*, that loans granted for payment of tuition and other school fees shall be paid directly to the school concerned.

SEC. 25. Delivery, Collection and Repayment Mechanisms Student Loans –

The Board shall develop an efficient delivery and collection system that is accessible to its target clientele. It shall establish policies, instruments and cooperative arrangements with concerned government and private entities for ensuring efficient loan delivery, collection and loan repayment, including collaboration with the National Bureau of Investigation, Bureau of Immigration, Bureau of Internal Revenue (BIR), Credit Rating Agencies, and Government Financial Institutions like the Government Service Insurance System (GSIS), Social Security System (SSS), Development Bank of the Philippines, and the Land Bank of the Philippines.

The GSIS and SSS are hereby mandated to establish an automatic system of salary deduction for student loan repayments of members with unpaid student loans: *Provided*, That the collection of said repayments have been formally authorized by a resolution of the Board and are in accordance with the Memorandum of Agreement to be signed by the Board with the GSIS and SSS, separately.

Exploratory activities shall include systematic testing and rigorous evaluation of ways to minimize the risk of non-repayment of loans and collection costs. It shall encourage private sector participation to ensure the delivery of the best possible service suitable to the needs and objectives of the NSLP.

SEC. 26. Loan Repayment Scheme and Interest Rates - In the formulation of policies regarding the interest rate and loan repayment and collection scheme for the NSLP, the following principles must be observed:

- a) The Repayment scheme should ensure sustainability of the Loan Fund and at the same time ensure that Student-Borrowers are not overburdened with repaying the loan;
- b) Fixed and variable interest rates on loans shall be made available to Student-Borrowers: *Provided*, That the interest rate and other charges take into account the inflation rate, cost of administration and collection, provision for default, and the cost of government borrowing, to ensure the sustainability of the Loan Fund in real terms;
- c) Voluntary repayment of long-term loans shall start anytime the loan borrower wants to pay even before finishing the course or having gainful employment: *Provided*, That a reduced rate shall apply, as may be determined by the Board;
- d) A Student-Borrower who has signed a contract with the implementing government agency may opt to render service, such as teaching or research, among others, subject to the guidelines which the Board shall formulate, in lieu of cash payment for student loans;
- e) The Board shall be authorized to extend, based on evidence, the term of repayment in case the monthly salary and other incomes of the Student-Borrower shall have been assessed objectively to be inadequate to pay for the regular monthly loan repayments, as specified in the original student loan contract agreed to by the Student-Borrower and the Board;

- f) The government, through the DOLE, shall endeavor to give priority to Student-Borrowers under the program in facilitating possible employment after finishing their higher or technical education. The DOLE is hereby mandated to adopt pro-active policies, plans and programs to assist the Student-Borrower in finding gainful employment after graduation.

SEC. 27. Disqualifications and Limitations - The right of any student beneficiary to avail himself/herself of the benefits of the student financial assistance programs under this Act shall not apply if the student fails to comply with the requirements for Good Academic Standing and such other limitations that may be formulated and imposed by the Board;

SEC. 28. Signing of Contract – Each Grantee or Student-Borrower shall sign a contract of obligation with the Board and the implementing agency prior to the grant of scholarship/grant-in-aid/student loan. Such contract shall include the following:

- 1) Return of service obligation for scholarship and grant-in-aid;
- 2) Specific regular schedule of repayment agreement;
- 3) Inclusion of a guarantor who is a GSIS or SSS member in the student loan agreement;
- 4) Prohibition from leaving the country until the required return of service obligation, in the case of scholarship and/or grant-in-aid, has been rendered in full or the amount of loan given to the Student-Borrower has been paid in full.

In case the Student-Borrower intends to go abroad, he/she shall be required to pay the remaining balance of the loan granted under the NSLP.

In case the scholar or Grantee intends to go abroad even before compliance with the return of service obligation stipulated in the contract, he/she shall be required to pay the total amount of scholarship or grant-in-aid in lieu of the return of service obligation.

SEC. 29. Sanctions – Any Grantee or Student-Borrower found to have grossly violated any of the provisions of his/her contract with the implementing agency or the Board shall be meted the following sanctions:

For Scholarships/Grants-In-Aid:

- 1) Full payment of the amount equivalent to the scholarship/grant-in-aid given to the scholar;
- 2) Cancellation of passport in case the Scholar or Grantee has left for abroad without notifying the Board and failing to comply with the return of service obligation;
- 3) Other sanctions as may be deemed necessary by the Board to ensure timely collection of and/or full payment of the amount of scholarship or grant-in-aid in lieu of the return of service obligation.

For Student Loans:

- 1) Denial of further access to credit in any bank or government financial institution;
- 2) Collection of the remaining balance of the loan from the guarantor in accordance with the terms and agreements stipulated in the contract;
- 3) Filing of complaint with the Department of Justice after sufficient time and notice has been issued to the Student-Borrower who has defaulted on his/her loan payments, subject to the Constitutional provision on the right to due process; and
- 4) Other sanctions as may be deemed necessary by the Board to ensure timely collection of due student loan repayments

SEC. 30. Voluntary Provision of Scholarship and Grant-In-Aid by HEIs. All HEIs are hereby encouraged to provide scholarships and grants-in-aid to poor but deserving students representing at least five percent (5%) of the student population.

SEC. 31. Tax Incentives. An HEI may claim its total expenses for providing the scholarship and grant-in-aid under this Act as tax deductions in proportion to the scholarship given: *Provided*, That the total expenses shall be allowed as deductions from the HEI's gross income for the 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 with the provisions on allowable deductions covered by Chapter VII of the National Internal Revenue Code of 1997, as amended.

SEC. 32. Audit of the UniFAST Trust Funds – The UniFAST Trust Funds will be subject to annual audit by the Commission on Audit (COA), subject to existing auditing laws and regulations. The COA shall discuss its findings with the implementing agency, and make its findings available to the Board and the Stakeholders Accountability Council, and such findings will be used to improve the financial management of the UniFAST Trust Funds. It shall also be used to pinpoint accountability and responsibility in the event that there is mismanagement or misappropriation of the fund.

SEC. 33. Performance Monitoring and Impact Assessment – The UniFAST shall be evaluated rigorously by the Board in terms of its impact on desired results and its progress towards achieving them shall be monitored regularly. The Board shall clearly define those results and their target values. Impact evaluation shall be measured against, among others:

- (i) education outcomes such as enrolment in good quality HEIs and number of graduates (by type of study program);
- (ii) economic indicators such as income and employment; and
- (iii) Indicators for contributions to community service and public good.

Performance and progress shall, in addition, be measured with regard to: (i) number of students covered by GIAs, scholarships and student loans; (ii) by type of study program, (iii) quality of HEI enrolled in, and (iv) initial economic status. Tracer studies and survey data for experimental and quasi-experimental analyses shall be undertaken to produce credible impact evaluation studies, as may be determined by the Board; *Provided*, That major programs of the Board are to be evaluated within five (5) years from the date of its implementation.

SEC. 34. *Transitory Provision* – Existing technical-vocational scholarship programs under the Technical Education Skills Development Authority (TESDA), scholarships for members of indigenous peoples under the Indigenous Peoples Rights Act (IPRA), the National Agriculture and Fisheries Education System (NAFES), Agriculture Competitiveness Enhancement Fund Scholarship (ACEFS), and similar state-funded scholarship programs shall continue to be under the jurisdiction of the agencies currently responsible for their design and implementation: *Provided*, That the clientele-targeting and standards for selection and retention and awards shall be compliant with the overall policies on quality, sustainability and efficiency set by the Board.

Agencies currently responsible for the implementation of the Priority Development Assistance Fund (PDAF) of legislators allotted for tertiary level scholarships shall continue with the present arrangements, until such time that more effective alternative implementation arrangements have been formulated and approved by the Board in consultation with Congress.

The above transitory provisions notwithstanding, the stipulations in the last paragraph of Section 4 on submission of reports, selection transparency, the use of a Qualifying Examination System for Scoring Students, and other requirements mentioned therein shall be complied with upon the approval of the Implementing Rules and Regulations of this Act.

SEC. 35. *Implementing Rules and Regulations* – The Board, shall, within sixty (60) days from the effectivity of this Act, constitute a Technical Working Group (TWG) composed of the CHED, TESDA, DOST, Philippine Association of State Universities and Colleges (PASUC), Coordinating Council of Private Educational Associations (COCOPEA), association of Local Colleges and Universities (ALCU) and other relevant stakeholders in higher and technical education to promulgate the implementing rules and regulations necessary for the proper implementation of this Act, to be submitted to the Board for its approval.

SEC. 36. *Congressional Oversight Committee*. There is hereby created a Congressional Oversight Committee composed of five members each from the Committees on Higher and Technical Education of the Senate of the Philippines and the House of Representatives. The members from the Senate shall be appointed by the Senate President based on proportional representation of the parties or coalitions therein with at least two (2) senators representing the minority. The members from the House of Representatives shall be appointed by the Speaker also based on proportional representation of the parties or coalitions therein with at least two (2) congressmen representing the minority.

The oversight committee shall have the power to oversee the implementation of this Act: *Provided*, That the Secretariat of the Oversight Committee shall be drawn from the existing secretariat personnel of the committees comprising the oversight.

Funding shall be taken from the appropriations of both the Senate and the House of Representatives.

SEC. 37. *Appropriations* – There is hereby appropriated the sum of Twenty Five Billion Pesos (P25 Billion), of which Fifteen Billion Pesos (15 Billion) shall come from the President's Social Fund and another Ten Billion Pesos (P10 Billion) from funds in the National Treasury not otherwise appropriated, and consisting of existing student financial assistance programs for higher and technical education of all national government agencies, branches and instrumentalities, to be used to finance the

institution of the UNIFAST. Thereafter, such other sums as may be necessary for its continued implementation shall be included in the Annual General Appropriations Act.

The government shall also increase the total budget for student financial assistance at the rate of not less than the growth rate of the Gross Domestic Product (GDP) for the next ten years. At the end of said period, the ratio of the budget for student financial assistance shall have been increased from ten percent (10%) to fifty percent (50%) of the total direct national government subsidy of SUCs.

Other sources of funds such as grants, donations, and other forms of assistance from local and foreign donor agencies and other public or private entities and other private domestic and international sources may be tapped and facilitated by the Board to support the program, subject to regular auditing guidelines and procedures. Cost-sharing or counter-parting schemes among national government and LGUs shall also be encouraged to support the implementation of the UNIFAST.

SEC. 38. Separability Clause – If for any reason any provision of this Act is declared unconstitutional or invalid, parts or provisions of this Act which are not affected shall continue to be in full force and effect.

SEC. 39. Non-Impairment Clause – Nothing in this Act shall be construed as to diminish, impair, or repeal rights recognized, granted, or made available to disadvantaged, marginalized, or specific sectors under existing laws.

SEC. 40. Repealing Clause – All laws, executive orders, presidential decrees, implementing rules and regulations inconsistent with this Act are hereby repealed or modified accordingly, including the provisions RA 8545 on higher and technical education.

SEC. 41. Effectivity – This Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Approved,