

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

SIXTEENTH CONGRESS
FIRST REGULAR SESSION

HOUSE BILL NO. 3019



INTEGRATED STUDENTS' ASSISTANCE LAW

Introduced by Representative Isagani S. Amatong

EXPLANATORY NOTE

The role of higher education in nation-building cannot be over emphasized.

Although the government has already taken various steps in improving the country's high unemployment and underemployment rates, there remains a compelling need for broader socialized access to higher education for appropriate competency and knowledge in the nation's under utilized workforce.

Section 14 of Article II of the 1987 Constitution mandates and thus provides: "Establish and maintain a system of scholarship grants, student loan programs, subsidies and other incentives which shall be available to deserving students in both public and private schools , especially to the underprivileged." However, the current student loan law (RA 8545, otherwise known as Government Assistance to Students and Teachers in Private Education Act) limits its scope to fresh graduates and students below thirty years of age in private education institutions.

There is therefore a dire need for a comprehensive but simplified mechanism and structure as well as adequate funding for a loan program under the Commission on Higher Education, **through the enactment of "Integrated Students' Assistance" (ISA) law.**

The proposed ISA law intends to provide, among others, the following features:

- Increase the amount of tuition fee loan;
- Broaden the scope of its coverage for the needy and the qualified applicants
- Provide COLA loan (Cost of Living Allowance Loan) which will cover adequately room and board, books and supplies and other incidental/essential expenses
- Create a separate Integrated Students' Assistance Office under the CHED; and
- Design an effective payment scheme by means of withholding from salary upon employment or voluntary payment for the self-employed and even for the momentarily unemployed

And pursuant thereto, complement the program with a placement scheme/assistance for employment for the successful grantees of the program under the Integrated Students' Assistance Office (ISAO).

The State, being the ultimate *parens patriae* goes beyond its usual effort and reaches out to the masses of our people to enhance from within "inclusive growth" consistent with the national drive for more progressive self-reliant communities, in particular, equitable and just society in general.

The ISA law seeks to level the playing field for those who have not been privileged to enjoy sound formative training at home and in the basic elementary and secondary schools preparatory to tertiary education, thus opening doors to the greater number of citizens who provide stronger and wider base for a Filipino nation.

The same loan program may, however be limited to courses deemed relevant as based on domestic and global needs as may be jointly determined by the Departments of Labor and Employment, and the Trade and Industry.

In view of the foregoing, the approval of this bill is earnestly sought.



Isagani S. Amatong

Representative

3rd District, Zamboanga del Norte

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AN ACT ESTABLISHING AN INTEGRATED STUDENTS' ASSISTANCE PROGRAM, GRANTING TUITION FEE, COST OF LIVING ALLOWANCE AND MISCELLANEOUS LOANS TO QUALIFIED COLLEGE STUDENTS AND APPROPRIATING FUNDS THEREFOR

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 "Integrated Students' Assistance Act of 2013"

SECTION 2. Declaration of Policy.- It is the policy of the State to give priority to education. Article 14 Section 1 of the 1987 Constitution provides that "The State shall protect the right of citizens to quality education at **all levels** and shall take appropriate steps to make such education accessible to all". Progressively increasing amounts have been allocated to the Department of Education for Primary and Secondary Education, yet what have been allotted to tertiary education has not increased proportionately. Consequently, the cost borne by students moving to tertiary level both in government and private institutions has gone up, to the exclusion and deprivation of those economically less able to share with the increasing

cost of higher education. The state priority for education must therefore be complemented with a program of assistance to those in need to make such priority real and equitable.

SECTION 3. Objectives

This Act intends to:

- Make tertiary education more accessible to more individuals thru the loan program
- Increase the amount appropriated for the loan program
- Create a more equitable form of student assistance program
- Create a post graduate assistance mechanism
- Put a proper and effective collection scheme through the process of withholding of loan payments upon employment, voluntary payment or through other reasonable means
- Include cost of living allowance loans, miscellaneous loans
- Create the Integrated Students' Assistance Office (ISAO) under the CHED
- Organize a separate loan collection unit within the ISAO

SECTION 4. Coverage

This Act shall cover Filipino citizens who have graduated from high school, college drop outs, not more than fifty years old, and have met the qualifications set by the Commission on Higher Education. Students who are currently enrolled in college but find it difficult to continue by reason of financial inadequacy are also qualified to apply for student loan. The student applicant may apply for a particular type of loan or to all types depending on the qualifications set by CHED.

SECTION 5. Definition of Integrated Students' Assistance Program

The Integrated Students' Assistance Program shall offer three types of loan;

1. Tuition Fee Loan
2. Cost of Living Allowance Loan
3. Miscellaneous Loans.

This simply means that the Government shall support tertiary students by helping and aiding them to finish their college education.

Tuition Fee Loan

Tuition Fee Loan shall cover the total cost of tuition for the whole semester or whole course. Preference shall be given to students belonging to families with income below Php 100,000 per annum.

Cost of Living Allowance Loan

Cost of Living Allowance Loan shall cover the dorm cost, food allowance, transportation cost, uniform cost, personal hygiene based on the standard amount set per region by the CHED. It can be applied on a per semester basis or upon the coverage of the whole course.

Miscellaneous Loan

Miscellaneous Loan shall cover school supplies, books, cost of school related activities. The limit for the said loans are adjustable based on inflation rate and reasonable changes in cost of living.

The tuition fee loan refers to the expenses payable to the accredited schools. The Cost of Living Allowance Loan refers to the yearly cost of living as recommended by CHED Regional Office, renewable on a yearly basis. While Miscellaneous loans cover other school related costs such as books, school supplies, internet rental and other related expenses.

SECTION 6. Creation of Integrated Students' Assistance Office. An Integrated Students' Assistance Office under the CHED is hereby created to oversee loan collection and implementation of said program.

SECTION 7. Availment Process

The loan privilege under this Act shall be claimed at the time of application in any accredited school by presenting a copy of the Income Tax Return (ITR) of the parents or the student applicant, or Certificate of Indigency from the Barangay or Department of Social Welfare and Development.

It shall be the accredited school which shall forward the said requirement to the Integrated Students Assistance Office of the Commission on Higher Education. Upon approval, the student-debtor shall sign a notarized Deed of Undertaking in favor of the government to pay the education loan on time and failure to pay on time shall mean additional interest based on the legal rate.

SECTION 8. Payment Scheme

The student debtor shall start paying the student loan upon employment or one year after graduation whichever comes first. The student debtor may choose between two payment schemes: five years (5) to pay with four percent (4%) interest per annum or ten (10) years to pay with six percent (6%) interest per annum.

SECTION 9. Collection Process or Voluntary Payment Process

It shall be the employer's obligation to withhold the payment on behalf of the government and remit such payment on a monthly basis to the Office of Student Services of CHED.

The student may opt to pay voluntarily by depositing the payment on a monthly basis to the bank account of the Integrated Students' Assistance Office.

SECTION 10. Misrepresentation

Any student who is found to have committed misrepresentation to avail of the loan privilege shall be taken out of the list of loan recipients without prejudice to the imposition at the instance of the school of appropriate disciplinary sanctions including suspension or expulsion from said school, at the discretion of CHED.

SECTION 11. Failure to Pay On Time

Any student who fails to pay on time shall be given thirty (30) days grace period to resume payment without additional interest. Upon the lapse of thirty days, an interest of one percent (1%) of the total amount due for the unpaid month shall be imposed.

The additional amount payable due to interest shall not exceed the total amount loaned by the student –debtor. If such threshold is reached, the ISA office shall send a demand letter

to the student-debtor and notify the school. Full payment shall be demanded at this point, and failure to pay shall merit a court action by the ISA office for collection of sum of money in favor of the government.

SECTION 12. Release of Government Obligation

A Certificate of Full Payment shall be issued by the ISAO upon full payment by the student-debtor. Such Certificate shall be submitted to the school of the debtor, and with such certification, the school shall annotate to the Official Transcript of Records of the debtor the word "LOAN PAID".

SECTION 13. Loan Forgiveness Clause

Student loan contracted under this Act is automatically extinguished upon the death or permanent disability of the student-debtor.

Any student who has maintained a General Weighted Average of 88% and above at the time of graduation with no failing grade is no longer liable to pay the standard interests, except when delays for monthly payments have been incurred.

SECTION 14. Responsibility of the School

The school who accepts students under ISA is obliged to provide the CHED with a per semester-based status report of the students under the program with respect to their tuition fee coverage, grades, and a certificate of current enrollment or drop out status for the semester. The school shall also submit liquidation of expenses for students who have been granted the Cost of Living Allowance (COLA) loan and Miscellaneous Loan.

Upon the approval of COLA loan, it is only ministerial on the part of the school to release the funds to the student-debtor with no additional requirement to be imposed. Any violation of this shall be punishable under this act.

The school is also obliged to release all the pertinent school documents of the student-debtor upon graduation. The school shall annotate in the Official Transcript of Records of the graduate the ISA loan identification number in all pages and a copy of Deed of

Undertaking for Loan Payment in favor of ISA-CHED, as notification for future employers to withhold loan obligation upon employment.

SECTION 15. Joint and Several Liability of the School and Student-Debtor

Any school who has declared that a student-debtor is currently enrolled but has already been separated from the school shall be made jointly and severally liable to the government for the amount loaned to the student-debtor.

SECTION 16. Disqualification

A student debtor must enroll the full load of subject required per semester. Students who have not enrolled for a semester are also deemed automatically disqualified but may reapply.

SECTION 17. Post Graduation Assistance of ISAO

ISAO shall assist the successful graduates in career placement particularly in the Government Service.

SECTION 18. Travel Abroad

Travel Abroad

The ISAO shall forward to the Department of Foreign Affairs the names of debtors with outstanding loans on a semi-annual basis. Any student debtor who intends to leave the country with no return ticket indicating his return in less than six (6) months is required to secure a travel clearance from the ISAO.

SECTION 19. Complaints, Violations and Fines

In case of violations of the provisions of this Act or the rules and regulations, promulgated pursuant hereto by an institution and CHED, may bar the institution or individual from participating in or benefiting from the programs of this Act, and from the other programs of CHED, without prejudice to administrative and criminal charges as may be filed against the individuals responsible such as but not limited to the president of the school, or student affairs officer.

SECTION 20. Release from Loan Obligation

Upon the completion of payment, the student-debtor shall be released from his loan obligation and shall be issued with Certificate of Full Payment by ISAO. A copy of the Certificate of Full Payment shall also be forwarded to the student-debtor's school and upon receipt thereof, shall stamp the word "paid" to the master copy of the student-debtor's Official Transcript of Records.

SECTION 20 Appropriations

The amount needed to implement this program shall be provided for in the annual General Appropriations Act taken from the more than 2 billion pesos additional appropriation to CHED for 2014.

SECTION 21. Repealing Clause

All laws and decrees, letters of instructions, rules and regulations particularly Sections 3, 10, 11, 16 of RA 8545 and CHED Memorandum Order No. 56 Series 2012 which are inconsistent with this Act are hereby repealed or modified accordingly.