



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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 1994



Introduced by Representative Midy N. Cua
Lone District, Quirino

**AN ACT INSTITUTIONALIZING THE HIGHER EDUCATION LOAN PROGRAM (HELP)
TO BE PROVIDED BY THE DEVELOPMENT BANK OF THE PHILIPPINES (DBP) AND
THE LAND BANK OF THE PHILIPPINES (LBP), AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

This bill seeks to institutionalize the Higher Education Loan Program (HELP), a complementary government program to the Unified Student Financial Assistance System for Tertiary Education (UniFAST).

The Philippines has introduced various student loan programs over the years. Republic Act No. 6728 or the Government Assistance to Students and Teachers in Private Education Act introduced the "Study Now, Pay Later Plan" (SNPLP) to be administered by the Department of Education, Culture and Sports (DECS). Under the plan, loan amounts were paid directly to educational institutions by government while loan repayments were to be paid by student-debtors after a period of two (2) years from the time the student-debtor has acquired employment.

In its 2021 audit report, the COA noted the agency's "weak loan collection mechanisms, inadequacy of records, and failure to establish an effective monitoring system." It found that SNPLP loans granted by CHED's regional offices in Central Luzon and Northern Mindanao resulted in collections of only P1.625 million, or 2.5 percent of the P64.9 million of loan receivables.

In the same report, the COA found that the Student Loan Program under UniFAST remained unimplemented as of 31 December 2021. This is due to the absence of a loan repayment mechanism in the Memorandum of Agreement between CHED, UniFAST Board, and the Development Bank of the Philippines.

Our experiences in providing for student loan programs over the last four decades point to the incompatibility of National Government Agencies as the primary implementing arm of loan programs. The design, implementation, monitoring, and evaluation of loan programs are the expertise of financial institutions whose primary business is in lending. The role of National Government Agencies should be limited to their participation in setting the policy direction and in providing financial institutions with the necessary information for the smooth implementation of a student loan program.

In this regard, this bill proposes that Government Financial Institutions (GFIs) lead the implementation of the HELP. In addition, relevant government agencies, together with the involved GFI shall constitute a HELP Council, which shall be the primary policymaking body for the program.

In view of the foregoing, immediate approval of this bill is requested.



MIDY N. CUA
Representative
Lone District, Quirino



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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Higher Education Loan Program (HELP)
2 Act.”

3
4 **SEC. 2. Declaration of Policy.** – The State recognizes the importance of education in accelerating
5 social progress and promoting development. Thus, it is essential that complementary programs are
6 instituted to broaden access to education.

7
8 **SEC. 3. Definition of Terms.** – As used in this Act:

9
10 (a) *Disbursement schedule* refers to the schedule for disbursement of loan proceeds determined at the
11 time the student loan is finalized.

12
13 (b) *Grace Period* refers to the period during which no loan repayments are due and demandable.

14
15 (c) *Interest rate* refers to the charge paid by the student-borrower for the use of the loan.

16
17 (d) *Loan amount* refers to the total amount borrowed by a student-borrower.

18
19 (e) *Loan tranche* refers to a portion of the loan amount disbursed to the student-borrower according to
20 the disbursement schedule.

21
22 (f) *Maximum monthly amortization* refers to the maximum monthly amortization that may be collected
23 from student-borrowers determined at the time the student loan is finalized.

24
25 (g) *Payment schedule* refers to the schedule for loan repayments determined at the time the student loan
26 is finalized.

27
28 (h) *Student-borrowers* refers to students at the tertiary and graduate levels who avail of the HELP.

29
30 **SEC. 4. Coverage.** – The HELP shall be made available to all Filipino students admitted to or enrolled
31 at any higher educational institution accredited by the Commission on Higher Education (CHED).
32

1 **SEC. 5. Nature of Loan Program.** – The HELP is a personal loan program for student-borrowers
2 designed to augment their financial resources for tuition fees and education-related expenses. The HELP
3 shall be offered through the Development Bank of the Philippines (DBP) and the Land Bank of the
4 Philippines (LBP).

5
6 **SEC. 6. Loan Features.** – The HELP Council shall promulgate guidelines consistent with the following
7 principles:

8
9 (a) *Adaptability* -The HELP Council shall determine the appropriate circumstances wherein loan terms
10 may be renegotiated. The HELP Council shall also provide guidelines for prepayment. In both
11 cases, the HELP Council shall endeavor to promote the welfare of student-borrowers.

12
13 (b) *Affordability* - The HELP Council shall determine the maximum monthly amortization for loans
14 under the HELP after considering the prevailing monthly wage and salary rates in the country. The
15 maximum monthly amortization shall not exceed twenty-five percent (25%) of the prevailing
16 monthly wage and salary rates.

17
18 (c) *Collectability* - The HELP Council shall provide guidelines for effective loan collection
19 mechanisms. The HELP Council may seek the assistance of other government agencies and
20 government-owned and controlled corporations to ensure repayment. The HELP Council may
21 explore repayment through the Social Security System (SSS) or the Government Service Insurance
22 System (GSIS). The HELP Council may also explore information sharing agreements between the
23 DBP, LBP, and the Credit Information Corporation (CIC) to build the credit history of student-
24 borrowers. The credit history of student-borrowers shall be made accessible to other financial
25 institutions through the CIC.

26
27 (d) *Flexibility* - The HELP Council shall provide guidelines in determining an appropriate grace period
28 for student-borrowers. In determining an appropriate grace period, factors such as the expected
29 amount of time until completion of degree and expected amount of time for job search, among
30 others, shall be considered.

31
32 (e) *Long-Term* - All loans shall have a minimum payment period of five (5) years, excluding the grace
33 period. The HELP Council shall provide guidelines in determining an appropriate maturity date.

34
35 (f) *Performance -Based* - The HELP Council shall provide guidelines to ensure that the release of loan
36 proceeds is done in tranches. Student-borrowers shall be required to submit proof of enrollment at
37 the start of each academic term to secure the release of loan tranches.

38
39 (g) *Predictability* -The HELP Council shall ensure that all loans under HELP shall have fixed terms.
40 These terms shall cover, but are not limited to, the following:

- 41 1. Loan amount
- 42
- 43 2. Disbursement schedule
- 44
- 45 3. Interest rate
- 46
- 47 4. Grace period
- 48
- 49 5. Monthly amortization
- 50
- 51 6. Payment schedule
- 52
- 53

1 **SEC. 7. HELP Council.** – There shall be a HELP Council, an inter-agency body, whose primary
2 responsibility is to set the policy direction and guidelines for the HELP. The HELP Council shall be
3 chaired by the CHED and shall have the following members:
4

5 (a) President and CEO of the Land Bank of the Philippines;
6

7 (b) President and CEO of the Development Bank of the Philippines;
8

9 (c) Governor of the Bangko Sentral ng Pilipinas;
10

11 (d) Secretary of the Department of Finance;
12

13 (e) Secretary of the Department of Economy, Planning, and Development;
14

15 (f) President and CEO of the Social Security System;
16

17 (g) President and General Manager of the Government Service Insurance System; and
18

19
20 (h) President of the Credit Information Corporation.
21

22 **SEC. 8. Annual Report.** – The HELP Council shall submit an annual report to the Office of the
23 President, the Senate, and the House of Representatives, within the first quarter of the succeeding year.
24

25 **SEC. 9. Implementing Rules and Regulations.** – The HELP Council shall issue the necessary rules
26 and regulations for the effective implementation of this Act within ninety (90) days from its effectivity.
27

28 **SEC. 10. Repealing Clause.** – All laws, decrees, orders, issuances, and rules and regulations or parts
29 thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.
30

31 **SEC. 11. Separability Clause.** – If any provision of this Act shall be held unconstitutional or invalid,
32 the other provisions not otherwise affected shall remain in full force and effect.
33

34 **SEC. 12. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the *Official*
35 *Gazette* or in a newspaper of general circulation.
36

37 Approved,