

Republic of the Philippines  
House of Representatives  
Quezon City, Metro Manila

Eighteenth Congress  
First Regular Session

HOUSE BILL NO. 5180



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Introduced by Representative Florencio Gabriel G. Noel

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EXPLANATORY NOTE

Article 14, Section 1 of the 1987 Constitution provides:

“The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all.”

Likewise, Article 14, Section (3) further states:

“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.”

Education is concomitant to the development and progress of the nation and the advance of the civilization. Notwithstanding the state’s collective effort to make education accessible to all Filipinos, with the limited scope and coverage of existing state scholarships and grants, the results is yet to be desired.

This proposed bill seeks to promote quality education that is accessible for everyone by encouraging banks and government financial institutions to allot portion of their loanable funds for school loans. This will help establish a student assistance program for the eligible students to obtain post-secondary technical-vocational certificates or diplomas, and college and post-graduate degrees, which shall be repaid in installments after the student graduates. Participating banks, in turn, are entitled to incentives under the bill. This is envisioned to complement the existing financial assistance programs being implemented by the government, to help meet our students' needs.

This bill has been filed during the 16<sup>th</sup> Congress and subsequently approved on Third Reading. In view of the foregoing, immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read "F. Noel", written over a horizontal line.

FLORENCIO GABRIEL G. NOEL

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AN ACT  
ESTABLISHING A VOLUNTARY STUDENT LOAN PROGRAM BY PRIVATE  
BANKS, PROVIDING INCENTIVES THEREFOR AND FOR OTHER PURPOSES

*Be it enacted by the Senate and the 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:

- (a) *CHED* refers to the Commission on Higher Education.
- (b) *Eligible Student* refers to a student who meets the admission requirements of a Technical-Vocational Institute (TVI) or higher education institution (HEI) and has been accepted for enrollment in a postsecondary TVI as a non-degree student or in an HEI as an undergraduate or post-graduate student.
- (c) *Higher Education* refers to college and graduate education or training in an educational program leading to a degree offered in HEIs. It is also known as tertiary education.
- (d) *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.
- (e) *Lender* refers to a private bank which provides loans to student borrowers pursuant to this Act.
- (f) *Post-Secondary Education* refers to education and training in non-degree vocational and technical courses offered in post-secondary TVIs.



- (g) *Priority Eligible Student* refers to an eligible student who is an immediate member of a family where no other immediate member of such family is enrolled in or has completed post-secondary or higher education at the time of the loan application.
- (h) *Private Banks* refer to commercial, rural, thrift, cooperative and other types of banks where the majority of the capital stocks are owned and operated by the private sector and which are registered and directly supervised by the Bangko Sentral ng Pilipinas (BSP).
- (i) *Student-borrower* refers to an eligible student with a loan under this Act.
- (j) *Technical-Vocational Institute* refers to a technical-vocational education and training institution accredited by the Technical Education and Skills Development Authority (TESDA) which offers any non-degree program at the post-secondary educational level oriented towards skills proficiency leading to a certificate or diploma in preparation for a particular occupation or group of middle-level occupations.
- (k) *TESDA* refers to the Technical Education and Skills Development Authority as established under Republic Act No. 7796, otherwise known as the "TESDA Act of 1994".

SEC. 4. **Registration of Student Loan Program Under this Act.** Private banks participating in the student loan program may allot a portion of their loanable funds for loans to eligible students. Such banks participating in the program may be entitled to avail themselves of the incentives under this Act by the registration of their student loan program with the BSP.

In addition, the BSP shall provide other incentives which may be nonmonetary to private banks participating in the voluntary student loan program under this Act.

SEC. 5. **Loan Coverage.** The loan may either cover the entire or part of the cost of the program offered by the TVI or HEI including, but not limited to, tuition and miscellaneous fees: *Provided*, That adjustments shall be made in case of increase in tuition and miscellaneous fees. It shall likewise include an amount for the cost of attendance, covering necessary expenses of the student for books, food, transportation, board and lodging and a reasonable allowance for projects and other school requirements.

SEC. 6. **Student-Borrower Number.** For proper implementation of this Act and to better facilitate the collection of the loan, the Social Security System (SSS) and the Government Service Insurance System (GSIS) shall issue, upon application, an SSS or GSIS number to the student borrower. The number so issued shall serve as the permanent SSS or GSIS number of the student-borrower in case of future employment with the private or government sector.

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

- (1) General entry requirements:
  - a. Must be a Filipino citizen;
  - b. Currently enrolled or intends to enroll or re-enroll in any of the priority courses to be determined by the CHED or TESDA;
  - c. Has parents or guardians who are GSIS or SSS members or SSS prior

- registrants; and
- d. Does not currently enjoy any scholarship or study grant;
- (2) Additional specific entry requirement for priority eligible student:
  - e. Barangay certification that no other immediate family member of the student is enrolled or has completed a post-secondary higher education at the time of the loan application; or
  - f. Notarized self-certification that no other immediate family member of the student is enrolled or has completed a post-secondary higher education at the time of the loan application; and
- (3) Other requirements as may be determined by banks.

SEC. 8. ***Loan Application.*** Any eligible student-borrower may file the loan application with a participating private bank. A loan application shall include, among others:

- (a) The student SSS or GSIS number;
- (b) The taxpayer's identification number (TIN) of the student, in case one is employed;
- (c) The list of expenses which shall include the total tuition fees for the entire period of attendance to complete the student's course or degree, with a necessary allowance for any increase that the TVI or HEI may rightfully make and the other miscellaneous expenses certified by the educational institution;
- (d) A reasonable approximation of the cost of attendance of the student in the chosen TVI or HEI which shall include, among others, the cost of books, food, board, lodging and transportation expenses;
- (e) A statement of the student-borrower on the preferred employer in the future, whether with the private or public sector; and
- (f) All other requirements that the participating private bank may impose for the proper identification of the student.

SEC. 9. ***Loan Disbursement.*** Upon approval of the loan application, the loan shall be disbursed in tranches every semester or trimester, or any other term of attendance, depending on the academic calendar adopted by the TVI or HEI. Any succeeding tranche shall be disbursed on the condition that the student-borrower completes the term previously enrolled in as certified by the TVI or HEI. The tuition and miscellaneous fees payable to the educational institution shall be disbursed or be made payable directly to the TVI or HEI.

SEC. 10. ***Withholding of Second or Subsequent Disbursement.*** A lender who receives information that the student-borrower has ceased to be enrolled before the disbursement of the second or any succeeding installment shall withhold such disbursement. Any disbursement which is so withheld shall be credited to the student-borrower's loan and treated as a prepayment thereon.

SEC. 11. ***Interest Rate and the Five Percent (5%) Additional Interest as Allowable Deduction.*** For any loan procured under this Act, lenders shall charge an interest based on the prevailing ninety-one (91)-day Treasury Bill rate at the time of release of the loan to be paid by the student-borrower and an additional interest of three percent (3%) and in case of loans to priority eligible students an additional interest of five percent (5%), which shall not be payable by the student but may be



claimed by the lender as a deduction from gross income: *Provided*, That the additional five percent (5%) interest shall be allowed as a deduction from gross income for the same taxable year that the additional interest is due: *Provided, further*, That the total amount of the additional interest and the claimed tax deduction shall be subject to proper documentation and to the provisions of the National Internal Revenue Code, as amended.

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

- (a) Be evidenced by a note or other written instrument which provides for repayment of the principal amount of the loan, together with the interest thereon, in equal installments or when the borrower so requests, in graduated periodic installments, payable quarterly, bimonthly or monthly at the option of the student-borrower, over a period beginning not earlier than twenty-four (24) months after the student-borrower ceases attending the TVI or HEI, and ending eight (8) years after such date, except that such period may begin earlier than twenty-four (24) months upon the request of the student-borrower;
- (b) Include a provision for acceleration of repayment of the whole, or any part, of such loan, at the option of the student; and
- (c) Include a provision for preferential employment of the student-borrower in private banks or in the government upon graduation.

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

**SEC. 14. *Program Administration.*** An interagency team composed of the CHED, TESDA, BSP, the Bankers Association of the Philippines (BAP), the Chamber of Thrift Banks (CTB), the Credit Information Corporation (CIC) and the Rural Bankers Association of the Philippines (RBAP) shall be jointly responsible for policy guidance and direction, monitoring and evaluation of the student assistance program under this Act. The CHED and the TESDA shall act as chair and co-chair, respectively, of the said team.

**SEC. 15. *Implementing Rules and Regulations.*** The CHED, TESDA, the Department of Finance (DOF) and the BSP, in consultation with the SSS, GSIS, the Bureau of Internal Revenue (BIR), the National Bureau of Investigation (NBI), the POEA, CIC, the Coordinating Council of Private Educational Associations (COCOPEA) and the Philippine Association of State Universities and Colleges (PASUC), shall promulgate such rules and regulations necessary for the proper implementation of this Act within ninety (90) days from the effectivity of this Act.

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

SEC. 17. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,