

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Batasan Hills, Quezon City  
EIGHTEENTH CONGRESS  
First Regular Session

House Bill No. 5792



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Introduced by  
Representative Roman T. Romulo

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EXPLANATORY NOTE

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

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

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

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

  
ROMAN T. ROMULO

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**AN ACT ESTABLISHING A STUDENT ASSISTANCE PROGRAM BY BANKS AND  
GOVERNMENT FINANCIAL INSTITUTIONS, AND FOR  
OTHER PURPOSES**

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

**SECTION 1. *Title.*** - This Act shall be known as the "The National Student Assistance Act of 2019".

**SECTION 2. *Declaration of Policy Objectives.*** - It shall be a policy objective of the State to assist eligible students obtain post-secondary education in vocational or technical institutions, or institutions of higher education by:

1) encouraging banks and government financial institutions to lend money to eligible students to be repaid in installments, at least 24 months after the student graduates or leaves the educational institution; and

2) providing incentives to these institutions in the form of tax credits and interest rates that are guaranteed to realize a reasonable return on their investments.

**SECTION 3. *Definition of Terms.*** -- The following terms are defined as follows:

**CHED** - shall refer to the Commission on Higher Education.

**Eligible priority student** – shall refer 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 education, at the time of the loan application.

**Eligible student** - shall refer to a student who has been accepted as an undergraduate student at an institution of higher education, or in the case of a student already attending an institution, one who is in good academic standing as an undergraduate, or one accepted for enrollment in a post secondary vocational or technical institution.

**Government Financial Institutions** - shall refer to those financial institutions in which the government directly or indirectly owns majority of the capital stock and which are registered and directly supervised by the Bangko Sentral ng Pilipinas.

**GSIS** - shall refer to the Government Service Insurance System.

**Institution of Higher Education** - means an educational institution that (a) admits as regular students only persons having a certificate of graduation from an educational institution providing secondary education, or the recognized equivalent of such a certificate; (b) is legally authorized to provide an education beyond secondary education; (c) provides an educational program for which the institution awards a bachelor's degree or provides not less than a 2 year program that is acceptable for full credit toward such a degree; and (d) is accredited by the CHED.

**Lender** - shall mean a bank or a government financial institution which provides loans to student-borrowers pursuant to this Act.

**Post-secondary education** – shall mean education and training in non-degree vocational and technical courses offered in post-secondary vocational and technical institutions or education in degree courses offered by higher educational institutions, the completion of which is attested by a school diploma issued by or with permission of the Technical Education and Skills Development Authority or the Commission on Higher Education, respectively.

**SSS** - shall refer to the Social Security System.



**State Assistance Council** - shall mean the State Assistance Council, created under Republic Act 6728 as amended by Republic Act 8545.

**Student-borrower** – shall mean an eligible student with a loan under this Act.

**TESDA** - shall mean the Technical Education and Skills Development Authority as established under Republic Act No. 7796, otherwise known as the TESDA Law.

**Vocational or technical institution** – shall mean a TESDA-accredited institution which provides an education designed at post-secondary and lower tertiary levels, officially recognized as non-degree programs aimed at preparing technicians, and other categories of workers by providing them with a broad range of general education, theoretical, scientific and technological studies, and related job skills training.

**SECTION 4. *Registration of Student Loan Programs under this Act.*** - Banks, whether government or private, and government financial institutions shall allot at least three percent (3%) of their loanable funds for loans to eligible students. Such banks and government financial institutions shall be entitled to avail of the incentives under this Act by registration of their student loan programs with the State Assistance Council and the Bangko Sentral ng Pilipinas.

**SECTION 5. *Loan Application.*** - Any eligible student may file a loan application with a participating bank or government financial institution. A loan application shall include, among others:

- a. A Student SSS or GSIS number;
- b. A Taxpayer's Identification Number (TIN);
- c. A certification from a vocational or technical institution, or an institution of higher education stating that such student has been admitted for enrollment at such institution;
- d. A list of expenses including the total tuition fees for the entire period of attendance to complete the student's course or degree, with a necessary allowance for any increases that the educational institution may rightfully make and the other miscellaneous expenses certified by the educational institution;

e. A reasonable approximation of the cost of attendance of the student in the chosen educational institution which shall include, among others, the cost of books, board, lodging and transportation expenses; and

f. All other requirements that the participating bank or government financial institution may impose for the proper identification of the student. The student shall also state in the application whether he prefers the private or public sector for future employment.

**SECTION 6. *Loan Coverage.*** - The loan shall include the tuition and miscellaneous fees of the educational institution. It shall likewise include an amount for cost of attendance covering necessary expenses of the student for books, food, transportation and a reasonable allowance for projects and other school requirements.

**SECTION 7. *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 educational institution. Any succeeding tranche shall be disbursed on the condition that the student-borrower completes the term previously enrolled in as certified by the educational institution. The tuition and miscellaneous fees may be disbursed or be made payable directly to the educational institution.

**SECTION 8. *Withholding of Subsequent Disbursements.*** - A lender that receives information that the student-borrower has ceased to be enrolled may withhold the disbursement for the ensuing school term or any succeeding disbursements. Any disbursement which is so withheld shall be credited to the student-borrower's loan and treated as a pre-payment thereon.

**SECTION 9. *Interest Rate and Tax Credit.*** - For any loan procured under this Act, lenders shall charge an interest based on the prevailing Ninety (90) day Treasury Bill Rate at the time of the approval of the loan to be paid by the student-borrower, and an additional interest of three percent (3%). Loans granted to eligible priority students shall have an additional interest of five percent (5%) which shall not be payable by the student but maybe claimed by the lender as a tax credit against gross receipts tax. Provided that the additional interest shall be allowed as a tax credit against gross receipts tax 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 credit shall be subject to proper documentation and to the provisions of the National Internal Revenue Code, as amended.



SECTION 10. ***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 interest thereon, in equal installments (or, if the borrower so requests, in graduated periodic installments) payable quarterly, bi-monthly, or monthly at the option 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;

c. Repayment of the principal amount of the loan to the lender, together with the accrued interest thereon, shall be repaid over a period beginning not earlier than twenty four (24) months after the student-borrower ceases attending the vocational, technical and higher educational institution, and ending 8 years after such date, except that such period may begin earlier than twenty four (24) months upon the request of the student-borrower.

SECTION 11. ***Collection.*** A lender may file a request with the GSIS or the SSS to collect the repayment of the loan through their system of salary deduction and withholding. A lender may likewise enter into an arrangement with the Philippine Overseas Employment Agency to ensure collection from student-borrowers seeking employment abroad.

SECTION 12. ***Program Administration/Implementing Rules and Regulations.*** - The State Assistance Council shall be responsible for policy guidance and direction, monitoring and evaluation of the student assistance program under this Act. Representatives from the TESDA and the CHED shall sit as members of the State Assistance Council. The State Assistance Council, the Department of Finance and the Bangko Sentral ng Pilipinas shall formulate the implementing rules and regulations of this Act in consultation with the SSS, GSIS and the Bureau of Internal Revenue, and shall promulgate such implementing rules and regulations within ninety (90) days from the effectivity of this Act.

SECTION 13. ***Student Number.*** - For proper implementation of the Act and to better facilitate the collection of the loan, the SSS or the 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.

SECTION 14. *Separability clause.* - If any provision of this Act is declared unconstitutional or otherwise invalid, the validity of the other provisions shall not be affected thereby.

SECTION 15. *Repealing clause.* - All laws, decrees, orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 16. *Effectivity Clause.* - This Act shall take effect fifteen (15) days following the completion of its publication in two (2) newspapers of general circulation.