

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

**EIGHTEENTH CONGRESS**  
*First Regular Session*  
HOUSE BILL NO. 6687



**Introduced by Representative Roman T. Romulo**

**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.

In light of the economic instability brought about by the COVID-19 situation, we find the parents of learners in both private and public educational institutions, uncertain of the futures of their children. The Department of Education (DepEd) recently apprised our office of its forecast of the climate of the educational sector in the coming year. DepEd foresees a stark drop in enrollments in both the private and public sector which will cripple the educational sector. The impending domino effect will ultimately hamper the development of our national educational program which is already lagging behind our neighbors as it currently stands.

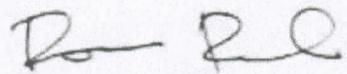
This representation authored a similar bill in the 15th Congress to provide eligible students of higher educational institutions an opportunity to be able to send themselves to the school of their choice. Through the said measure, the students will be able to procure funds to cover the cost of tuition fees and other living expenses, payable in installments after graduation. This is achieved through encouraging private and government financial institutions to provide loan structures which are suited to their situation as *student-borrowers*. These incentives will come in the form of tax credits for the banks which will offer them.

Considering the current circumstances, however, this proposed measure has been amended to accommodate *parent-borrowers* to be able to enroll their children in basic

education and higher educational institutions with favorable but fair terms. This measure will extend much needed support not only to the educational sector, but to our learners and their parents as well.

The duty to protect and promote the right of all citizens to access quality education is emphasized now more than ever. Let us do what we can to lighten the burden of our people and give them hope by making options such as these available to them.

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



**ROMAN T. ROMULO**  
Lone District, Pasig City

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**AN ACT ESTABLISHING A STUDENT ASSISTANCE PROGRAM BY BANKS AND GOVERNMENT FINANCIAL INSTITUTIONS, AS A RESPONSIVE MEASURE IN TIMES OF NATIONAL EMERGENCIES 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 "Student Loan Program during Times of Emergency Act".

**SECTION 2. Declaration of Policy.** – It shall be the policy of the State to assist eligible students to continue their education in the post-secondary, technical-vocational, tertiary, and postgraduate education and for the parents to be able to provide education for their children in the elementary and secondary private schools, especially during times of national emergency and financial difficulties, by mandating banks and government financial institutions to provide loan structures to eligible students and parents which are to be repaid in installments after the student graduates or leaves the educational institution, and, until the cessation of the national emergency and/or financial difficulties, in the case of parent-borrowers under this Act.

**SECTION 3. Definition of Terms.** – For purposes of this Act, the following terms shall mean:

- (a) **CHED** refers to the Commission on Higher Education.
- (b) **DepEd** refers to the Department of Education and Culture.
- (c) **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.

(d) **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”.

(e) **Technical-Vocational Institute** refers to a technical-vocational (tech-voc) education and training institution accredited by the TESDA which offers any non degree program at the post-secondary educational level oriented towards skills proficiency leading to certificate or diploma in preparation for a particular occupation or group of middle-level occupations.

(f) **Private elementary and secondary schools** refer to legally DepEd accredited private schools that offer elementary and/or secondary education.

(g) **Lender** refers to a private or government bank or other government financial institution which provides loans to student-borrowers and parent-borrowers pursuant to this Act.

(h) **Student-borrower** refers to an eligible student with a loan under this Act.

(i) **Parent-borrower** refers to a parent with a loan under this Act.

(j) **Eligible student** refers to a student who meets the admission requirements of a tech-voc institute or HEI and has been accepted for enrollment in a post-secondary tech-voc institute as a nondegree student or in an HEI as an undergraduate or postgraduate student. This also refers to students in basic education whose parents are availing of a loan through this Act.

(k) **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.

(l) **Government financial institutions** refer to financial institutions in which the government directly or indirectly own majority of the capital stock and which are registered and directly supervised by the Bangko Sentral ng Pilipinas (BSP).

(m) **Basic Education** refers to the curriculum set forth by the DepEd.

**(n) 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.

**(o) Post-secondary education** refers to education and training in non-degree vocational and technical courses offered in post-secondary tech-voc institutions.

**(p) Instruments and devices for learning** refer to learning instruments and devices other than books, which may include desktop or laptop computer, tablet, calculator, and the like.

**SECTION. 4. *Registration of Student Loan Program under this Act.*** – Banks and government financial institutions are mandated to participate in the student loan program under this Act and shall allot 2% of their loanable funds for loans to eligible students. Such banks and government financial institutions must register their student loan program with the BSP in order to avail themselves of the incentives under this Act.

In addition, the BSP shall provide other incentives, which may be non-monetary, to banks and government financial institutions participating in the student loan program under this Act.

**SECTION. 5. *Loan Coverage.*** – The loan shall cover the cost of a portion of or the entire program offered by the HEI, tech-voc institute, or accredited private elementary and/or secondary schools, including, but not limited to, 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, instruments or devices necessary for learning, and other school requirements.

**SECTION 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.

**SECTION 7. Acceleration of SSS and TIN Applications .**— For the purposes of this act, any bank and government financial institution, which will offer a loan structure program covered by this Act will coordinate with the SSS and BIR to employ procedures to fast-track the application and issuance of the *student-borrower number* and Tax Identification Number (TIN) of the *student-borrowers* and *parent-borrowers* as necessary.

**SECTION. 8. Qualification Requirements of Student-Borrower.** – Any *student-borrower* eligible under this Act shall have the following entry requirements:

(a) General entry requirements:

- (1) Must be a Filipino citizen;
- (2) Currently enrolled or intends to enroll or reenroll in any of the priority courses to be determined by the CHED or the TESDA;
- (3) Has parents or guardians who are SSS or GSIS members or SSS prior registrants; and
- (4) Does not currently enjoy any scholarship or study grant.
- (5) Notarized certification from the borrower that he/she has not availed of the same kind of loan under this Act from other banks or government financial institutions.

(b) Additional specific entry requirement for priority eligible student:

- (1) Barangay certification that no other immediate family member of the student is enrolled or has completed a tech-voc or tertiary education at the time of the loan application; or
- (2) Notarized self-certification that no other immediate family member of the student is enrolled or has completed a post-secondary education at the time of the loan application.

- (c) Other requirements, as may be determined by the banks and government financial institutions.

**SECTION 9. *Qualification Requirements of Parent-Borrower.*** — Any parent-borrower eligible under this Act shall have the following entry requirements:

- (1) Must be a Filipino citizen;
- (2) Has a child or children currently enrolled or intends to enroll or reenroll in any of the accredited private elementary and secondary school; and
- (3) Active and a member of good standing of the SSS or GSIS.

**SECTION 10. *Loan Application*** — Any eligible student or the student's parent may file the loan application with a participating bank or government financial institution. A loan application shall include, among others:

- (a) The student-borrower's and the parent-borrower's SSS or GSIS number;
- (b) The taxpayer's identification number (TIN) of the parent-borrower and the student-borrower;
- (c) The list of expenses which shall include the total tuition fees per semester or per school year, or for the entire period of attendance to complete the student's course or degree, as may be applied for by the student-borrower or parent-borrower, with a necessary allowance for any increase that the private elementary or secondary school, tech-voc institute 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 HEI or tech-voc institute which shall include, among others, the cost of books, instruments or devices for learning, 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 bank or government financial institution may impose for the proper identification of the student.

**SECTION 11. 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 HEI, tech-voc institute or private elementary or secondary school. Any succeeding tranche shall be disbursed on the condition that the student-borrower completes the term previously enrolled in as certified by the HEI, tech-voc institute or the private elementary or secondary school. The tuition and miscellaneous fees payable to the educational institution shall be disbursed or be made payable directly to the HEI, tech-voc institute or private elementary or secondary school.

Disbursement for cost of attendance shall be made directly to the student-borrower or parent-borrower subject to proper liquidation which shall be a condition for any succeeding tranche. Excess amount received by the student-borrower or parent-borrower may be returned to the lending bank or government financial institution and shall be treated as prepayment of the loan.

**SECTION 12. Withholding of Second or Subsequent Disbursement.** — A lender that receives information that the student-borrower or the child of a parent-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.

**SECTION 13. Interest Rate and Tax Credit.** — For any loan procured under this Act, lenders shall charge an interest based on the prevailing Ninety (91)-day Treasury Bill Rate at the time of the approval of the loan to be paid by the student-borrower and parent-borrower and an additional interest of three percent (3%) or, 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 tax deduction against the total gross receipts tax due and payable by the banks for the taxable year: *Provided*, That the additional interest shall be allowed as a tax deduction against the total 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 deduction shall be subject to proper documentation and to the provisions of the National Internal Revenue Code, as amended: *Provided, finally*, That gross receipts of the lender derived from the imposition of the additional interest and the claimed tax deduction shall

be exempted from gross receipts tax under Title V of the National Internal Revenue Code, as amended.

In addition, such loans shall be exempted from payment of documentary stamp tax.

**SECTION 14. *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 or parent-borrower, over a period beginning not earlier than twenty-four (24) months after the student-borrower or the child or a parent-borrower ceases attending the tech-voc institute, HEI and basic elementary or secondary private school, 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 or parent-borrower;
- (b) Include a provision for acceleration of repayment of the whole, or any part, of such loan, at the option of the student-borrower or parent-borrower without penalty for prepayment; and
- (c) Include a provision for preferential employment of the student-borrower upon graduation.

**SECTION 15. *Collection.*** — A lender shall file a request with the GSIS or the 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 or from a parent-borrower working overseas.

**SECTION 16. *Program Administration.*** — An interagency team composed of the CHED, the TESDA, the DepEd, the Coordinating Council of Private Educational Associations (COCOPEA) the BSP, the Bankers Association of the Philippines (BAP), the Chamber of Thrift Banks (CTB), and the Rural Bankers Association of the Philippines (RBAP) shall jointly

be responsible for policy guidance and direction, monitoring and evaluation of the student assistance program under this Act. The CHED and the TESDA shall chair and co-chair, respectively, the said team.

**SECTION 17. Accreditation of private elementary and secondary schools.** — Private elementary and secondary schools may apply for accreditation for purposes of this Act through the interagency team composing the Program Administration. No private elementary or secondary school which is not recognized by DepEd may be issued accreditation.

**SECTION 18. Implementing Rules and Regulations.** — The CHED, the TESDA, the DepEd, the Department of Finance and the BSP, in consultation with the SSS, the GSIS, the Bureau of Internal Revenue (BIR), the Credit Information Corporation (CIC), the National Bureau of Investigation (NBI), the POEA, 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.

**SECTION 19. 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.

**SECTION 20. Repealing clause.** — All laws, executive orders, decrees, instructions, rules and regulations contrary to or inconsistent with any provision of this Act are hereby amended, repealed or modified accordingly.

**SECTION 21. Effectivity Clause.** — This Act shall take effect fifteen (15) days following the completion of its publication in two (2) newspapers of general circulation.

Approved,