

THIRTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES }

First Regular Session

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SENATE

S. No. 524

INTRODUCED BY HON. MANUEL B. VILLAR JR.

EXPLANATORY NOTE

A large portion of Filipinos are poor and unable to access higher education -- making them unable to rise above themselves no matter how dedicated and industrious they may be simply because they possess only the most rudimentary skills. Their very poverty places the education required for higher level skills beyond their reach. Access to higher education is the first step towards breaking the shackles of poverty.

This bill seeks to make higher education accessible to the poor through the creation of a National Student Loan Board -- an extension on a nationwide basis of the cross-subsidy program of the University of the Philippines known as the Socialized Tuition and Financial Assistance Program (STFAP).

Monthly contributions shall be made by persons within specific income brackets that will go into a National Students Loan Fund. These contributions will be graduated, from one-half percent to four percent of income, according to income bracket.

There is a great need to provide a National Student Loan Program to assist the poor and give them access to tertiary education. We will only be able to attain our vision of becoming the next economic tiger of Asia by educating our less fortunate.

In vital recognition of the importance of education to nation building, the passage of this bill is earnestly requested.


MANUEL B. VILLAR, JR.
Senator

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AN ACT
CREATING A NATIONAL STUDENT LOAN BOARD TO FORMULATE AND
IMPLEMENT A NATIONAL STUDENT LOAN PROGRAM FOR THE
POOR, AND APPROPRIATING FUNDS THEREFOR

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

1 **SECTION 1. *Title.*** – This Act shall be known as the “National Student Loan
2 Program for the Poor Act of 2004.”
3

4 **SECTION 2. *Definition of Terms.*** – For the purpose of this Act:
5

6 (a) “*Scholar*” refers to a designated qualified beneficiary of contributors who draws
7 from the National Student Loan Fund to support his tertiary education;
8

9 (b) “*National Student Loan Fund*” refers to a cross-subsidy benefit fund collected by
10 the national government and lent to qualified scholars;
11

12 (c) “*National Student Loan Board*” refers to a governing body under the Office of
13 the President tasked to implement the provisions of this Act;
14

15 (d) “*Board of Directors*” refers to the governing body of the Student Loan Board and
16 shall exercise the powers and duties hereinafter defined.
17

18 (e) “*Monthly Contribution*” refers to the voluntary contributions of income earners to
19 the Fund, based on the National Economic Development Authority (NEDA)
20 income brackets;
21

22 (f) “*Income Brackets*” refer to the classification system wherein income earners as
23 contributors to the fund are ranked according to annual family income.
24
25

1 **SECTION 3. National Student Loan Board.** – There is hereby created a National
2 Student Loan Board, hereinafter referred to as the Board. The Board is composed of the
3 Secretary of Education, Culture and Sports as *ex officio* Chairman, the Chairman on
4 Commission on Higher Education (CHED) as *ex officio* Vice-Chairman, and the following
5 heads of the following government agencies as *ex officio* members:

- 6
7 a. Government Insurance Service System (GSIS);
8
9 b. Social Security System (SSS);
10
11 c. Philippine Overseas Employment Administration (POEA);
12
13 d. National Anti-Poverty Commission (NAPC);
14
15 e. Presidential Commission on Urban Poor (PCUP); and
16
17 f. League of Provincial Governors.

18
19 The President of the Philippines shall appoint ten (10) other members of the Board,
20 eight (8) of whom shall be chosen from nominees taken from state universities and colleges
21 and two (2) nominees taken from non-governmental organization involved in education.

22
23 **SECTION 4. Powers and Functions of the Board.** – The powers and the functions
24 of the Board are as follows:

- 25
26 (a) Formulate the National Student Loan Program for the Poor within one (1) year
27 after the effectivity of this Act;
28
29 (b) Promulgate the necessary guidelines, rules and regulations for the lending of
30 funds for the education of the poor;
31
32 (c) Allocate and disburse funds for the education of the poor;
33
34 (d) Cancel, suspend, or revoke loans in case of deceit, fraud or cheating of any kind
35 on the part of the borrower;
36
37 (e) Implement the orders, rules, and regulations and guidelines passed by the Board
38 pursuant to the National Student Loan Program;
39
40 (f) Conduct annual spot and random inspections on borrowers;
41
42 (g) Conduct studies and researches for the improvement of educational services for
43 the poor;
44
45 (h) Appoint the necessary staff or employees for the Board;
46
47 (i) Reprimand, suspend or dismiss erring officials and employees of the Student
48 Loan Board based on the rules and regulations of the Civil Service Commission;
49
50 (j) Act as trustees for the Investment Portfolio fund which shall be created out of its
51 excess over semestral operating and lending requirements;
52
53 (k) Appoint an investment manager for the Investment Portfolio Fund, should it be
54 deemed necessary; *Provided*, That such appointment should not exceed three (3)
55 years, and subject to performance review prior to renewal;

1
2 (l) Appoint, every three (3) years, a professional actuary to perform an actuarial
3 review of the Student Loan Fund;

4
5 (m) Report to the Office of the President on monthly basis; and

6
7 (n) Perform such other powers and functions as may be necessary by the President of
8 the Philippines
9

10 **SECTION 5. *Meetings of the Board.*** – The Board shall hold monthly meetings to be
11 held every first Monday of the month. The Chairman of the Board shall be the presiding
12 officer. In the absence of the Chairman, the Vice-Chairman of the Board shall automatically
13 take over. Minutes of all meetings shall be recorded and attested to by a simple majority of
14 all regular board members.
15

16 A. At least one meeting shall be devoted to a review of the Student Loan Fund's
17 performance in terms of the following:
18

- 19 i) Total number of current beneficiaries;
20 ii) Number of dropouts, voluntary or revoked;
21 iii) Average academic performance by year of study;
22 iv) Breakdown of scholars by field of study;
23 v) Breakdown of scholars by region of origin;
24 vi) Breakdown of scholars by place of study; and
25 vii) Breakdown of scholars by size of annual family income and family
26 livelihood
27

28 B. At least one meeting shall be devoted to the review and approval of individual
29 scholars
30

31 C. At least one meeting per quarter shall be devoted to a financial review of the
32 Student Loan Fund. This review shall cover, among others, the following:
33

- 34 i) Total contributions received;
35 ii) Total repayments made; and
36 iii) Current cash position as against cash requirements for the quarter.
37

38 **SECTION 6. *Quorum.*** – All meetings shall only be convened with a quorum of
39 simple majority of the regular board members. All members convened without the said
40 quorum shall be deemed null and void.
41

42 **SECTION 7. *Term of Office.*** – The members of the Board shall hold office for a
43 term of three (3) years after their appointment or until their successors shall have been
44 appointed and qualified. Should a member of the Board fail to complete the term, the
45 successor shall be appointed by the President of the Philippines but only for the unexpired
46 portion of the term.
47

48 The members of the Board shall be entitled to reasonable travelling expenses and
49 honoraria.
50

51 **SECTION 8. *Executive Director.*** – There shall be an executive director who shall
52 be appointed by the Board and shall have the rank of a bureau director, with a fix term of
53 three (3) years, renewable for another term.
54

1 **SECTION 9. *Executive Committee.*** – The Board shall create an Executive
2 Committee who shall be headed by the Executive Director to determine the number of
3 employees needed to carry out the functions of the Student Loan Board. The Board shall
4 likewise provide for the qualifications and compensation of employees in the Executive
5 Committee in accordance with the existing civil service rules and regulations.
6

7 The Executive Committee shall exercise the following functions:
8

- 9 (a) Recommend the approval of loan applications by the Board;
10
11 (b) Review, evaluate and assess programs, plans of action and agenda of the Board;
12
13 (c) Review, evaluate and assess the academic standing of loan borrowers;
14
15 (d) Recommend the cancellation or revocation of loans, and
16
17 (e) Perform such other powers and functions as maybe determined by the Board.
18

19 **SECTION 10. *National Student Loan Fund.*** – All income earners as determined
20 under Section 10 hereof, who wants to be members of the National Student Loan Fund and
21 avail of the Benefits thereof, are hereby required to contribute through salary deductions, to
22 the National Student Loan Fund. Such monthly contribution shall be based on the NEDA
23 income brackets.
24

25 All monthly contributions shall be deposited by the Board in the Development Bank
26 of the Philippines (DBP) under the name of the National Students Loan Fund.
27

28 For the purpose of developing the relevant implementing details of the National
29 Student Loan Program, the Board shall use as principal reference the Socialized Tuition and
30 Financial Assistance Program (STFAP) of the University of the Philippines.
31

32 **SECTION 11. *Income Brackets.*** – National Economic Development Authority
33 (NEDA) income brackets of wage earners shall be the basis of contributions to the National
34 Student Loan Fund. The contribution structure shall be progressive, from a minimum of one-
35 half percent of individual income bracket to a maximum of four percent of individual income
36 bracket.
37

38 **SECTION 12. *Beneficiary Loan Amount.*** – The loan available to a scholar as
39 beneficiary of income earner who is a member of the National Student Loan Fund shall be
40 subject to the following terms and conditions:
41

- 42 a. *Availability* – Loans shall be available only for undergraduate degree courses.
43 This program shall not cover post graduate courses
44
45 b. *Loan Size* – Loan amount shall be equivalent to the prevailing cost per academic
46 unit at the University of the Philippines multiplied by eighteen (18) academic
47 units.
48
49 c. *Loan Repayment* – Loans shall carry an annual interest rate of 15% payable over
50 five (5) years commencing the first year after graduation of the scholar. Loan
51 amortization computation shall use the Straight-Line Method. Amortization shall
52 be deductible from salary of income earners as members or from the salary of
53 employed graduate scholars. It may also be paid directly to the fund in case of
54 self-employed graduate scholars.
55

1 d. *Application* – Loans shall be applicable to the school of choice of the designated
2 beneficiary as scholar, to cover tuition and living allowance. Amounts in excess
3 of the loan needed to cover the scholar's needs to have to be derived from other
4 sources.

5
6 e. *Drawdown* – Upon the approval of a loan, an amount equivalent to the tuition of
7 the scholar can immediately be drawn upon presentation of proof of registration.
8 Balance can be drawn in five (5) equal monthly installments starting the first
9 month of the semester in the case of schools using the first semestral system, or
10 four (4) equal monthly installments starting the first month of the trimester in the
11 case of schools using the trimestral system.

12
13 **SECTION 13. *Investment Portfolio.*** – Monies representing contributions to the
14 Student Loan Fund shall be placed in an investment portfolio fund. The interest to be derived
15 out of the investment portfolio shall be used to fund all scholarships for qualified scholars in
16 academic institutions of their choice, *Provided*, That such educational institutions are duly
17 accredited by the DECS and CHED and are included in a list of qualified tertiary education
18 institutions prepared by the Board for this Purpose.

19
20 **SECTION 14. *Loan Repayments.*** – The heads of the GSIS, the SSS, the POEA are
21 hereby directed to closely coordinate with the Board to determine the present occupational
22 status of borrowers for purposes of loan repayments to the fund.

23
24 **SECTION 15. *Tax Deductibility.*** – All contributions made to the Fund shall be
25 deductible from taxable personal income. All loan repayments of graduate beneficiaries shall
26 likewise be deductible from taxable personal income.

27
28 **SECTION 16. *Implementing Rules and Regulations.*** – The Department of
29 Education, Culture and Sports and the Commission on Higher Education shall, within six (6)
30 months from effectivity of this Act, issue the necessary rules and regulations to carry out the
31 objective of this Act.

32
33 **SECTION 17. *Appropriations.*** – The initial amount of Ten Million Pesos
34 (P10,000,000.00) is hereby appropriated for the effective implementation of this Act.
35 Thereafter, such amounts as may be necessary for the continued operations of the Board shall
36 be included in the annual General Appropriations Act.

37
38 **SECTION 18. *Separability Clause.*** – If for any reason any provision of this Act is
39 declared unconstitutional or invalid, parts or provisions of this Act o which are not affected
40 shall continue to be in force and effect.

41
42 **SECTION 19. *Repealing Clause.*** – All laws, executive orders and presidential
43 decrees, rules and regulations or parts thereof inconsistent with any provisions of this Act are
44 hereby repealed or amended accordingly.

45
46 **SECTION 20. *Effectivity*** - This act shall take effect fifteen (15) days following its
47 publication in the *Official Gazette* or in any two (2) national newspapers of general
48 circulation.

49
50 Approved,
51