



HOUSE OF REPRESENTATIVES

H. No. 4591

BY REPRESENTATIVES ROMULO, DEL MAR, TURABIN-HATAMAN, PIAMONTE, CORTUNA, CRUZ-GONZALES, OLIVAREZ, MAGSAYSAY, CO, YAP (A.), TINIO, SANTIAGO, YAP (S.), ACEDILLO, ALEJANO, TEODORO, UMALI (R.), ABAYON, ANGARA-CASTILLO, RODRIGUEZ (R.), RODRIGUEZ (M.), VIOLAGO, QUIMBO, RADAZA, VARGAS, LEONARDIA, MONTEJO, LEONEN-PIZARRO, ARROYO, MACAPAGAL-ARROYO, VILLAR, UMALI (C.), ROQUE, ARAGONES, HAGEDORN, PRIMICIAS-AGABAS, BONOAN, ANTONIO, GATCHALIAN (S.), BATOCABE, CAYETANO, ESCUDERO, COLMENARES, REYES, SATO, PAQUIZ, BALINDONG, CAMINERO, YU, LOBREGAT, ALIPING, SY-ALVARADO, ESPINA, ADIONG, BELMONTE (J.), ALMARJO, MANALO, LAGDAMEO (M.), PADILLA, DELA CRUZ, UNGAB, TAN (A.), BATAOIL, ALVAREZ (M.), FUENTEBELLA, ANTONINO-NADRES, SUANSING, KHO, ONG, MERCADO, GULLAS, MERCADO-REVILLA, TAMBUNTING, ILAGAN, HICAP, ZARATE, DE JESUS, RIDON, HERNANDEZ, ZAMORA (M.), TEJADA, ZAMORA (R.), TY, GO (A.C.), FLORES, RODRIGUEZ (O.), ROBES, AGARAO, SARMIENTO (C.) AND CALEXTO-RUBIANO, PER COMMITTEE REPORT No. 304

AN ACT PROVIDING FOR A COMPREHENSIVE AND UNIFIED STUDENT FINANCIAL ASSISTANCE SYSTEM FOR HIGHER AND TECHNICAL EDUCATION, THEREBY RATIONALIZING ACCESS THERETO AND APPROPRIATING FUNDS THEREFOR

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
2 “Unified Student Financial Assistance System for Higher and Technical
3 Education (UniFAST) Act”

4 SEC. 2. *Declaration of Policy.* – It is the declared policy of the State
5 to promote social justice and pursuant thereto, to provide all its citizens access
6 to quality education. Towards this end, the State shall provide adequate
7 funding and such other mechanisms to increase the participation rate among all
8 socioeconomic classes in higher and technical education, especially the poor
9 but academically able and highly motivated students. *This policy should*
10 enable them to successfully pursue and complete higher and technical
11 education programs in quality institutions, thereby promoting equitable and
12 rationalized access by poor Filipinos to quality higher and technical education.

13 The existing publicly-funded national government programs for
14 scholarships, grants-in-aid, student loans and socialized tuition fees for higher
15 and technical education are hereby unified and harmonized to improve their
16 efficiency and to ensure that deserving Filipinos are given equitable access to
17 educational opportunities.

18 SEC. 3. *Objectives.* – The objectives of this Act are as follows.

19 (a) To allocate and utilize properly all government resources intended
20 for students through effective clientele-targeting;

21 (b) To promote academic excellence among higher and technical
22 education students regardless of economic status, and ensure consistency,
23 continuity and efficient coordination of student financial assistance policies
24 and programs;

25 (c) To facilitate access to quality education through grants-in-aid for
26 students belonging to marginalized sectors, taking into account the special
27 needs and the circumstances of certain disadvantaged groups;

(d) To ensure regional equity in the distribution and availment of student financial assistance slots,

(e) To assist students with liquidity issues through student loan; and

(f) To produce a pool of highly qualified graduates and technical experts who will contribute to the country's high-level manpower through merit and talent-based scholarship

SEC. 4. *Definition of Terms* – As used in this Act:

(a) *Annual monitoring examination system* refers to the appropriate yearly examination and assessment of potential applicants separately designed for undergraduate and graduate students to be developed by the UniFAST Board created under Section 6 of this Act in harmony with the national exit examination of the K to 12 program and administered on a national scale for all prospective applicants to all modalities of student financial assistance for higher and technical education,

(b) *Average cost of higher education* refers to the tuition fees and other related fees in private schools, and in the case of state universities and colleges (SUCs), the cost per student, plus the cost of living allowance and other incidental expenses;

(c) *Blend* refers to grants-in-aid or scholarship grants with student loans, depending on the needs of the student applicant, as determined by the Board;

(d) *Board* refers to the Unified Student Financial Assistance System for Higher and Technical Education (UniFAST) Board, which is the body responsible for the review of existing government policies and the promulgation of the minimum guidelines on student financial assistance programs, as well as the coordination and provision of support to implementing agencies in fund allocation, formulation, approval and implementation of national government student financial assistance policies and strategies for higher and technical

1 education and programs offered or administered by national government
2 agencies;

3 (e) *Board-registered programs and institutions* refer to
4 quality-assured programs and higher and technical education institutions
5 which have been certified by the Commission on Higher Education (CHED)
6 and/or the Technical Education and Skills Development Authority (TESDA) as
7 complying with acceptable standards;

8 (f) *Educational expenses* refer to expenses related to the education of a
9 student, such as books, subsistence and board and lodging, but excluding
10 tuition and miscellaneous and other school fees;

11 (g) *GIA beneficiary* refers to a student recipient of all types of
12 grants-in-aid;

13 (h) *Grantee* refers to the recipient of any of the three modalities of the
14 UniFAST, namely: scholarship; grant-in-aid; and loan,

15 (i) *Grant-in-aid (GIA)* refers to a modality of free financial assistance
16 to poor but eligible students which generally requires a minimum level of
17 competence to complete tertiary education;

18 (j) *Higher education* refers to the stage of formal education, or its
19 equivalent, requiring completion of secondary education and covering
20 programs of study leading to bachelor and advanced degrees;

21 (k) *Honorific scholarship* refers to a special recognition given to a
22 deserving student in terms of intellectual merit and special abilities, who is not
23 exempted from paying tuition and other fees, and for purposes of this Act, is
24 not included under the term “scholarship” as defined in Section 4(r);

25 (l) *Local universities and colleges (LUCs)* refer to public education
26 institutions established by local government units through an enabling
27 ordinance, and financially supported and maintained by the concerned local
28 government;

1 (m) *Long-term student loans* refer to loans that are payable within a
2 period of at least ten (10) years after the student borrowers have completed
3 their tertiary education;

4 (n) *Miscellaneous and other school fees* refer to those fees which cover
5 other necessary costs supportive of instruction, including medical and dental,
6 athletic, library and laboratory fees;

7 (o) *Rationalized access* refers to improved efficiency in the
8 implementation of a comprehensive and unified student financial assistance
9 program for tertiary education pursuant to the principles of increased
10 participation of the economically disadvantaged and marginalized sectors;
11 equity in the regional distribution of economic resources; congruence of the
12 qualifications of tertiary education graduates and labor market needs; and
13 relevance to the country's national development and global competitiveness,
14 among others;

15 (p) *Registry of programs and institutions* refers to the registry of
16 institutions and programs to be created by the Board for institutions and
17 programs that have met the quality standards as certified by the CHED and the
18 TESDA;

19 (q) *Scholar* refers to a student recipient of a scholarship grant based on
20 merit and/or talent;

21 (r) *Scholarship* refers to a modality of free financial assistance given to
22 deserving students on the basis of merit, such as laudable academic
23 performance, exemplary talent, special technical proficiencies and skills.
24 Scholarship also refers to the intellectual pursuits of a scholar that give rise to
25 research and development and innovations as well as other creative works;

26 (s) *Short-term student loans* refer to loans payable on a semestral or
27 trimestral basis;

1 (t) *Special public higher education institutions (SPHEIs)* refer to a
2 category of public organizations offering higher education but specialized
3 academic, research and technical assistance programs related to the basic
4 mandate of their parent agencies and are operated and controlled in accordance
5 with special laws. These include the Philippine Military Academy (PMA), the
6 Philippine National Police Academy (PNPA), and the Development Academy
7 of the Philippines (DAP);

8 (u) *Special private higher education institutions* refer to a unique type
9 of Philippine higher education institutions offering a single or group of
10 specialized graduate degree programs created by and for special interest and
11 professional groups;

12 (v) *Special purpose education assistance* refers to financial assistance
13 for the conduct of undergraduate and graduate research, scientific studies,
14 including funding assistance for the writing and publication of books,
15 manuscripts, theses, dissertations, scientific and technical journals, or for the
16 production, filming and digital technology documentation of research and
17 studies or the development of instructional and academic materials, and science
18 prototypes;

19 (w) *State universities and colleges (SUCs)* refer to public higher
20 education institutions (HEIs) established by national laws which are financed
21 and maintained by the national government, which are governed by their
22 respective independent Boards of Trustees or Regents, as the case may be;

23 (x) *Student loan* refers to a modality of financial assistance consisting
24 of short-term or long-term loans which shall be extended to students facing
25 liquidity problems, regardless of economic status, and which shall be paid by
26 the student or the student's parents, guardians, or co-makers;

27 (y) *Student-borrower* refers to a student beneficiary of the National
28 Student Loan Program;

1 (z) *Technical education/Technical-Vocational Education and Training*
 2 (TVET) refers to the education or training process which involves, in addition
 3 to general education, the study of technical and related fields and the
 4 acquisition of practical skills relating to occupations in various sectors,
 5 comprising formal (organized programs as part of the school systems) and
 6 non-formal (organized classes outside the school system) approaches;

7 (aa) *Technical-Vocational Institutes (TVIs)* refer to learning institutions
 8 offering technical-vocational education and training;

9 (bb) *Tertiary education* refers to the stage of education following
 10 the secondary cycle which subsume post-secondary non-degree
 11 technical-vocational and higher education programs;

12 (cc) *Unified Student Financial Assistance System for Higher and*
 13 *Technical Education (UniFAST)* refers to the harmonized, state-run and
 14 administered system of higher education and technical-vocational grant-in-aid,
 15 scholarship, and loan programs under this Act; and

16 (dd) *Unit* refers to a prescribed standard of measure of college work
 17 usually based on the hours of academic instruction.

18 SEC. 5. *Scope and Coverage of the UniFAST.* – There shall be
 19 instituted a unified student financial assistance system, which shall be known
 20 as the Unified Financial Assistance System for Students in Higher and
 21 Technical Education. It shall have as integral components all existing
 22 modalities of financial assistance programs for higher and technical education
 23 students in both public and private institutions, including national scholarships,
 24 GIA, special purpose or sector educational assistance, student loans, and
 25 government programs in partnership with other stakeholders, which are
 26 nationally funded or implemented by national government agencies, branches
 27 and instrumentalities.

1 The UniFAST under this Act shall harmonize, reform, strengthen,
 2 expand, rationalize, and re-focus all ongoing student financial assistance
 3 programs of the government for greater efficiency, coherence, synchronization,
 4 effective funding and improved coordination among implementing entities in
 5 their specific jurisdiction: *Provided*, That effective programs implemented by
 6 other government agencies shall continue.

7 All legislated student financial assistance programs, insofar as they
 8 pertain to higher and technical education, such as the “Study Now, Pay Later
 9 Plan” under the Expanded Government Assistance for Students and Teachers
 10 in Private Education (E-GASTPE Law) or Republic Act No. 8545, or the State
 11 Scholarship Program under Republic Act No. 4090, or unfunded student
 12 financial assistance laws that cannot be fully implemented and the current
 13 assistance programs and projects created pursuant to pertinent provisions of
 14 special laws for specific sectors or special beneficiaries shall be covered by
 15 this Act

16 SEC. 6. *Creation of a UniFAST Board.* -- To carry out the purposes of
 17 this Act, there is hereby created a Unified Student Financial Assistance System
 18 for Higher and Technical Education (UniFAST) Board, hereinafter referred to
 19 as the Board, which shall be attached to the CHED, composed of the following:

- 20 (a) The CHED Chairperson as *ex officio* Chair;
- 21 (b) The Secretary of the Department of Science and Technology
 22 (DOST) as *ex officio* Co-Chair;
- 23 (c) The TESDA Director-General as *ex officio* Co-Chair;
- 24 (d) The Secretary of the Department of Education (DepED) as
 25 *ex officio* member;
- 26 (e) A representative from the Department of Labor and Employment
 27 (DOLE) as *ex officio* member;

1 (f) A representative from the National Economic and Development
2 Authority (NEDA) as *ex officio* member;

3 (g) A representative from the National Youth Commission (NYC) as *ex*
4 *officio* member; and

5 (h) One (1) representative each from the national associations of state
6 colleges and universities, local colleges and universities, technical-vocational
7 institutes, and private higher education institutions as member.

8 SEC. 7. *Powers and Functions of the Board.* – The Board shall
9 exercise the following powers and functions:

10 (a) Formulate and approve the national government student financial
11 assistance policies and strategies for higher and technical education, and
12 review existing policies to ensure consistency with policy framework under
13 this Act;

14 (b) Provide necessary support to implementing agencies, technical or
15 otherwise, to ensure the effective implementation of this Act;

16 (c) Facilitate the inclusion of members of marginalized sectors as
17 grantees of the financial assistance program to widen access to quality tertiary
18 education and allow them to meaningfully participate in governance, and to
19 promote inclusive leadership;

20 (d) Coordinate with the implementing agencies of existing Student
21 Financial Assistance Programs (StuFAPs) in the formulation, approval and
22 issuance of guidelines towards the development and promotion of a
23 comprehensive, unified system on student financial assistance to guide all
24 government agencies, branches and instrumentalities which administer student
25 financial assistance programs for higher and technical education, including the
26 approval of this Act's implementing rules and regulations, consistent with the
27 government's national development framework;

1 (e) Prepare, approve and submit to the Department of Budget and
2 Management (DBM) its own coherent budget proposal for student financial
3 assistance, in addition to the individual budget proposals of the various
4 implementing agencies, including vetting and integrating all requests for public
5 funding of higher and technical education student assistance programs;

6 (f) Provide general guidelines for the drawing up of contracts with the
7 student beneficiaries specifying the rights and obligations of the parties, that
8 may include a service clause or such other stipulations of cost recovery the
9 Board may deem in the best interest of the public and consistent with or
10 responsive to national, social, economic and human resources development
11 plans;

12 (g) Ensure faithful implementation of the policies and strategies of the
13 UniFAST by its technical staff and partner agencies, including monitoring,
14 assessment and impact evaluation of student financial assistance programs and
15 projects;

16 (h) Design and implement the annual monitoring examination system in
17 harmony with the national exit examination of the K to 12 program or its
18 equivalent and, based on this system and other complementary criteria, the
19 Board may impose and formulate a transparent quantitative scheme for scoring
20 and ranking applicants for scholarships, GIA, and student loans;

21 (i) Promulgate the minimum guidelines, rules and regulations for
22 determining qualified beneficiaries of student financial assistance for higher
23 and technical education;

24 (j) Provide and promote a supportive policy environment for the
25 growth and development of private sector participation for loan programs;

26 (k) Ensure that beneficiaries are able to maximize the benefits from
27 UniFAST by providing them data for informed decision-making and allowing

1 (l) Design and implement a program of generating funds for the student
2 financial assistance program;

3 (m) Enter into agreements with private entities and financial
4 institutions to promote the funding and delivery of student loans, consistent
5 with the policy framework as determined by the Board;

6 (n) Develop an efficient tracking system of student-borrowers, as well
7 as a system of disbursement and collection of payments of loans granted under
8 this Act, including entering into agreements with the Bureau of Internal
9 Revenue (BIR), the Government Service Insurance System (GSIS), the Social
10 Security System (SSS), the National Bureau of Investigations (NBI), the
11 Department of Foreign Affairs (DFA), the Philippine Overseas Employment
12 Administration (POEA), the Bureau of Immigration (BI), the Bangko Sentral
13 ng Pilipinas (BSP), the Bankers Association of the Philippines (BAP), the
14 Credit Information Corporation (CIC), private and public banks and banking
15 intermediaries, credit information bureaus, and other government financial
16 institutions, inclusive of investigating and checking the whereabouts of
17 delinquent student-borrowers, and setting up mechanisms for blacklisting of
18 defaulting student-borrowers in application for loans, credit cards and other
19 credit facilities;

20 (o) Receive donations, legacies, gifts and other forms of contribution,
21 whether in cash or in kind, from both public and private sources and to receive
22 and utilize the services and assistance of experts: *Provided, That* such
23 donations, legacies and contributions shall be exempt from donor's tax and
24 shall be allowable deductions for income tax purposes in accordance with
25 Section 34-H of the Tax Code of 1997, as amended;

26 (p) Set up, maintain and update an official registry of quality-assured
27 academic and research programs and tertiary education institutions in
28 accordance with Section 3 of this Act; and

1 (q) Perform such other powers and functions as may be deemed
2 necessary and incidental for the effective implementation of this Act.

3 SEC. 8. *Term of Office.* – The terms of office of the officers and
4 members of the Board shall follow the terms and tenure as heads of their
5 respective agencies or associations. Should the member of the Board fail to
6 complete a term, a successor shall be appointed by the Board who shall merely
7 serve the unexpired term of office and shall not be eligible for reappointment.
8 *Ex officio* members of the Board shall serve coterminously with their positions.

9 SEC. 9. *Meetings.* – The Board shall hold twelve (12) regular
10 monthly meetings in a year. The Chair of the Board may call a special meeting
11 when necessary: *Provided*, That the members are notified in writing at least
12 three (3) working days prior to the meeting. In the absence of the
13 Chairperson, the Co-chairperson shall preside over the Board's meetings, on a
14 rotation basis. The proceedings of all meetings shall be recorded and the
15 minutes thereof shall be attested to by a simple majority of all regular board
16 members.

17 At least one meeting of the Board in every quarter shall be devoted to a
18 review of the performance of the UniFAST in terms of the following:

- 19 (a) Total number of current beneficiaries;
- 20 (b) Number of dropouts, voluntary or revoked,
- 21 (c) Average academic performance by year of study;
- 22 (d) Breakdown of grantees by field of study;
- 23 (e) Breakdown of grantees by district and region of origin;
- 24 (f) Breakdown of grantees by place of study;
- 25 (g) Breakdown of grantees by gender;
- 26 (h) Breakdown of grantees by size of annual family income and family
27 livelihood;
- 28 (i) Total amount of funds received;

1 (j) Total repayments made; and

2 (k) Current cash positions as against cash requirements for the quarter.

3 SEC. 10. *Quorum.* – The attendance of a majority of the Board
4 Members is necessary to conduct business.

5 SEC 11. *Creation of a UniFAST Secretariat.* – The Board shall
6 designate an Executive Director from among the existing personnel of the
7 CHED. The designated Executive Director shall perform the following
8 functions:

9 (a) Serve as the primary coordinator of publicly funded student
10 financial assistance programs for tertiary education students being
11 implemented by various government agencies, branches and
12 instrumentalities;

13 (b) Manage relationships with partner agencies;

14 (c) Exercise leadership, supervisory, and administrative functions over
15 the Secretariat;

16 (d) Ensure the provision of accurate and timely technical inputs and
17 feedback to the Board to guide it in its policy-making functions;

18 (e) Ensure the proper dissemination and implementation of the Board
19 decisions;

20 (f) Submit an annual report on the operations, status of
21 programs funded, and financial conditions of the Secretariat, including
22 recommendations for the budget in the ensuing year; and

23 (g) Perform such other duties and functions as may be delegated by the
24 Board.

25 SEC. 12. *Financial Management and Accountability.* – All public
26 funds allocated to the government's student financial assistance programs for
27 higher and technical education shall be managed according to standard
28 government accounting and auditing rules and regulations. In addition,

specialized processes and procedures shall be developed to enhance transparency and accountability suitable to the program or project for which the fund has been provided.

SEC. 13. *Accounting and Reporting of Student Financial Assistance/Scholarship Funds.* – A separate book of accounts shall be kept in the implementing agency for the Student Financial Assistance/Scholarship Funds. It shall follow standard government rules and regulations for accounting. Implementing agencies of the Student Financial Assistance/Scholarship Funds, however, may adopt additional measures to ensure its safety particularly in authorizing payments and processing of disbursements from the fund.

A mid-year and annual report shall be prepared by all implementing agencies. The report shall have two parts, a financial statement and a physical report of operations showing accomplishment of the fund. These reports shall be submitted to Congress and the DBM to inform and aid in decision making and shall be made available to others for valid and acceptable reasons.

SEC. 14 *Minimum Qualifications of Applicants* – The Board shall promulgate and periodically review the qualification criteria for applicants for any of the three modalities of student financial assistance. An applicant must meet the following minimum qualifications:

- (a) Filipino citizen;
- (b) High school graduate or its equivalent from duly authorized institutions;
- (c) For undergraduate applicants, obtained the passing score in all subjects;
- (d) Possess good moral character and must have no criminal record;

1 (e) Admitted to the technical and vocational institution, college or
2 university included in the Registry of Programs and Institutions of the
3 applicant's choice;

4 (f) Applicant in technical-vocational programs, shall, in addition to the
5 criteria referred above, pass the TESDA screening/assessment procedure, trade
6 test, or skills competency evaluation;

7 (g) Not a recipient of another government student financial assistance
8 program equivalent to the full amount of tuition at the time of application or
9 during the effectivity of the scholarship, GIA or loan grant; and

10 (h) Possess such other qualifications as may be prescribed by the
11 Board. *Provided, That* for GIA and scholarships, priority shall be given to
12 students whose families are beneficiaries of the poverty alleviation programs of
13 the government.

14 SEC. 15. *Grants-In-Aid (GIA).* – To improve equity and facilitate
15 democratic access to quality education given persistent income poverty and
16 inequity, GIA shall be made available to students belonging to poor families
17 and marginalized sectors. The financial amount comprising GIA will be
18 determined by the Board.

19 The grant shall include an amount for basic living expenses that will
20 enable the grantee to focus on completing tertiary education. The Board shall
21 formulate and establish the policies and mechanisms for the identification of
22 grantees based on objective indicators derived from credible databases.

23 SEC. 16. *Scholarships.* – A unified, improved, and expanded
24 government-funded scholarship program shall be instituted to promote an
25 environment conducive for the development of bright and talented students to
26 serve the public good and enlarge the pool of world class Filipino researchers,
27 artists, creative innovators, thinkers and leaders.

1 The financial amount for scholarships shall be determined by the Board.
2 It shall cover at least one hundred percent (100%) of the average cost of tertiary
3 education of the top ten (10) public and private universities listed in the
4 Registry of Programs and Institutions. It shall also include the average cost of
5 books and other educational materials required by the program of study chosen
6 by the scholarship recipient. A recipient of a scholarship whose residence is
7 outside of the location of the chosen tertiary institution shall also be entitled to
8 a living allowance.

9 SEC. 17. *National Student Loan Program (NSLP)*. – The Board shall
10 pursue a long-term plan for the development of a self-sustaining NSLP which
11 shall provide qualified students short-term and long-term financial assistance
12 for tertiary education. This plan shall be based on a systematic evaluation of
13 and lessons learned from current and past student loan schemes, both local and
14 international.

15 To achieve this, the Board shall endeavor to ensure the
16 professionalization of the NSLP's management, the establishment of an
17 appropriate organizational set-up that shall best implement the Program, and
18 the institution of accountability mechanisms, sanctions and incentives
19 conducive for the effective and efficient collection of loan repayments

20 SEC. 18. *Student Loans*. – Short- and long-term student loans shall
21 address liquidity issues facing students who are unable to borrow at reasonable
22 market interest rates and are prevented from pursuing or completing courses of
23 study. Student-borrowers shall have at least the minimum level of preparedness
24 and proficiency to successfully complete a good quality tertiary education, as
25 determined by their score in the qualifying examination system for incoming
26 freshmen students, or in the case of non-freshmen, obtained a passing general
27 weighted average (GWA) for at least the last two (2) semesters enrolled in, in

1 addition to such other criteria as may be determined by the Board to measure
2 their capability to repay the loan.

3 SEC. 19. *Short-Term Student Lending (STL) Program* – The Board
4 shall establish the STL program to encourage and enable tertiary education
5 institutions to strengthen, expand, or establish their own or institution-based
6 STL programs to alleviate the short-term liquidity problems of students,
7 hereinafter, to be known as Institutions-Based Student Loan Program. Higher
8 education institutions may apply for funding for their STL relending program
9 under the UniFAST, subject to the Board's approval.

10 The Board shall develop the STL Rules and Guidelines (STL-RG) to
11 ensure good governance, efficiency and equity in the use of UniFAST's STL
12 funds. The Board shall formulate the guidelines on the imposition of interest
13 rates, in the case of short-term student loans to secure the sustainability of the
14 fund while at the same time ensuring its affordability to students.

15 SEC. 20. *Loanable Amount for Long-Term Loans*. – The Board shall
16 determine the maximum amount that can be availed of by a student-borrower
17 to cover the cost of education. Educational loans under this Act shall cover
18 tuition and other school fees and may also cover related educational expenses,
19 such as books, subsistence, and board and lodging depending on the financial
20 need of the student-borrower: *Provided*, That student loans shall in no case
21 exceed seventy-five percent (75%) of average cost of higher education in the
22 top forty (40) of the public and private universities listed in the Registry of
23 Programs and Institutions: *Provided, further*, That loans granted for payment
24 of tuition and other school fees shall be paid directly to the school concerned.

25 SEC. 21. *Delivery, Collection, and Repayment Mechanisms for Student*
26 *Loans*. – The Board shall develop an efficient delivery and collection system
27 that shall be accessible to its target clientele. It shall establish policies,
28 instruments and cooperative arrangements with concerned government and

1 private entities to ensure efficient loan delivery, collection and loan repayment,
2 including collaboration with the NBI, the BI, the BIR, credit rating agencies,
3 and government financial institutions, including the GSIS, the SSS, the
4 Development Bank of the Philippines, and the Land Bank of the Philippines.

5 Exploratory activities shall include systematic testing and rigorous
6 evaluation of methods to be undertaken to minimize the risk of non-repayment
7 of loans and collection costs. It shall encourage private sector participation to
8 ensure the delivery of the best possible service suitable to the needs and
9 objectives of the NSLP.

10 The GSIS and the SSS are hereby mandated to establish an automatic
11 system of salary deduction for student loan repayments of members with
12 unpaid student loans: *Provided*, That the collection of the repayments have
13 been formally authorized by a resolution of the Board and are in accordance
14 with the Memorandum of Agreement to be signed by the Board with the GSIS
15 and the SSS, respectively.

16 SEC. 22. *Loan Repayment Scheme and Interest Rates* – To ensure the
17 sustainability of the STL, the Board shall authorize the formulation of policies
18 regarding the interest rate and loan repayment and collection scheme for the
19 NSLP. The following principles must be observed:

20 (a) The repayment scheme should ensure sustainability of the loan
21 Fund and at the same time ensure that student-borrowers are not overburdened
22 with repaying the loan;

23 (b) Fixed and variable interest rates on loans shall be made available to
24 student-borrower: *Provided*, That the interest rate and other charges take into
25 account the inflation rate, cost of administration and collection, provision for
26 default, and the cost of government borrowing, to ensure the sustainability of
27 the loan fund in real terms;

1 (c) Voluntary repayment of long-term loans shall start anytime the loan
2 borrower wants to pay even before the completion of a course or being
3 gainfully employed: *Provided*, That a reduced rate shall be applied, as may be
4 determined by the Board;

5 (d) A student-borrower who has signed a contract with the
6 implementing government agency may opt to render service, such as teaching
7 or research, among others, subject to the guidelines which the Board shall
8 formulate, in lieu of cash payment for student loans;

9 (e) The Board may authorize to extend, based on evidence, the term
10 of repayment in case the monthly salary and other incomes of the
11 student-borrower shall have been assessed objectively to be inadequate to pay
12 for the regular monthly loan repayments as specified in the original student
13 loan contract agreed to by the student-borrower and the Board;

14 (f) The government, through the Department of Labor and
15 Employment (DOLE), shall endeavor to give priority to student-borrowers
16 under the program in facilitating employment placement after their completion
17 of higher or technical education. The DOLE is hereby mandated to adopt
18 pro-active policies, plans and programs to assist student-borrowers in finding
19 gainful employment after graduation.

20 SEC. 23. *Socialized Tuition Fees.* -- The Board shall establish a
21 socialized tuition fee scheme and the appropriate guidelines thereof, which
22 may be implemented particularly by publicly-funded HEIs.

23 The schemes of financial assistance shall establish affordability brackets
24 based on information about the family income, family characteristics of the
25 applicants and the socioeconomic characteristics of their households.

26 A student may apply for financial subsidy that shall range from a forty
27 percent (40%) tuition discount up to one hundred percent (100%) entirely free

1 tuition, and miscellaneous fees, in addition to a stipend as may be determined
2 by the respective governing boards of concerned HEIs.

3 The Board shall periodically monitor and evaluate the implementation
4 of StuFAPs for the purpose of modifying their criteria for acceptance, resource
5 allocation policy and clientele targeting.

6 SEC. 24. *Other Forms of Modalities of StuFAPs.* – Nothing in this Act
7 shall preclude the Board and the implementing HEIs from promulgating and
8 developing other forms of StuFAPs, such as private scholarship or sponsorship
9 programs and student or graduate assistanceship programs, the standards and
10 guidelines of which shall be determined by their respective governing boards.

11 SEC. 25. *Disqualifications and Limitations* – The right of any student
12 beneficiary to avail of the benefits of the student financial assistance programs
13 under this Act shall not apply if the student fails to comply with the
14 requirements for good academic standing and such other limitations that may
15 be formulated and imposed by the Board.

16 SEC. 26. *Signing of Contract.* – Each scholar or student-borrower
17 shall sign a contract of obligation with the Board and the implementing agency
18 prior to the grant of scholarship or student loan. Such contract shall include
19 the following:

20 (a) For Scholarship:

21 (1) Return of service obligation;

22 (2) Prohibition from leaving the country until the required return of
23 service obligation has been rendered in full or until the amount of
24 scholarship granted has been paid in full; and

25 (3) The scholar who intends to go abroad even before compliance with
26 the return of service obligation stipulated in the contract shall be required to
27 pay the total amount of scholarship in lieu of the return of service obligation.

28 (b) For Student Loan:

- 1 (1) Specific regular schedule of repayment agreement;
- 2 (2) Inclusion of a guarantor who is a member of the GSIS or the SSS in
- 3 the student loan agreement; and
- 4 (3) The student-borrower who intends to go abroad shall be required to
- 5 pay the remaining balance of the loan granted under the NSLP.

6 **SEC. 27. Sanctions.** -- Any grantee or student-borrower who has
 7 availed of a loan and has been found to have grossly violated any of the
 8 provisions of the contract with the implementing agency or the Board shall be
 9 meted the following sanctions:

10 (a) For Scholarships:

- 11 (1) Full payment of the amount equivalent to the scholarship given to
- 12 the scholar; and
- 13 (2) Other sanctions as may be deemed necessary by the Board to ensure
- 14 timely collection of and full payment of the amount of scholarship in lieu of the
- 15 return of service obligation.

16 (b) For Student Loans:

- 17 (1) Denial of further access to credit in any bank or government
- 18 financial institution;
- 19 (2) Collection of the remaining balance of the loan from the guarantor
- 20 in accordance with the terms and agreements stipulated in the contract;
- 21 (3) Filing of complaint before a regular court to collect the remaining
- 22 balance of the loan from a student-borrower who has defaulted on loan
- 23 payments, or concerned guarantor, subject to the constitutional provision on
- 24 the right to due process; and
- 25 (4) Other sanctions as may be deemed necessary by the Board to ensure
- 26 timely collection of due student loan repayments.

27 **SEC. 28. Responsibility of National Government Agencies**
 28 **Implementing StuFAPs.** -- The agencies and instrumentalities implementing

1 student financial assistance are required to submit reports, make their selection
2 process transparent to the public, and comply with the minimum requirements
3 that the Board may impose to ensure that these programs are in line with the
4 national policy framework on student financial assistance

5 SEC. 29. *Congressional Oversight Committee.* -- There is hereby
6 created a Congressional Oversight Committee on the UniFAST composed of
7 five (5) members each to be chosen from the membership of the Committees
8 on Higher and Technical Education of the Senate and the House of
9 Representatives. The members from the Senate shall be appointed by the
10 Senate President based on proportional representation of the parties or
11 coalitions therein with at least two (2) senators representing the minority. The
12 members from the House of Representatives shall be appointed by the Speaker
13 also based on proportional representation of the parties or coalitions therein
14 with at least two (2) congressmen representing the minority.

15 The Oversight Committee on the UniFAST shall have the power to
16 oversee the implementation of this Act, including an inquiry into the book of
17 accounts of the Board: *Provided,* That the Secretariat of the Oversight
18 Committee shall be drawn from the secretariat personnel of the Senate and
19 House Committees on Higher and Technical Education. Funding for the
20 expenses of the Committee shall be taken from the appropriations of both the
21 Senate and the House of Representatives.

22 The Board shall be required to submit to the Congressional Oversight
23 Committee on the UniFAST, on a periodic basis, the financial statements,
24 policy statements, issuances and other documents and information of the
25 Board, subject to existing laws and regulations, to protect against
26 misappropriation and mismanagement of the UniFAST Trust Funds.

27 SEC. 30. *Appropriations.* -- The amount necessary to carry out the
28 provisions of this Act shall be charged against the current year's appropriations

1 for student financial assistance/scholarship programs of the CHED, the
2 TESDA and the DOST. Thereafter, such sums as may be necessary for the
3 continued implementation of this Act shall be included in the annual General
4 Appropriations Act.

5 Other sources of funds such as grants, donations, and other forms of
6 assistance from local and foreign donor agencies and other public or private
7 entities and other private domestic and international sources may be tapped
8 and facilitated by the Board to support the program, subject to regular auditing
9 guidelines and procedures: *Provided*, That in case of donations from foreign
10 sources, acceptance thereof shall be subject to the approval of the President of
11 the Philippines upon the recommendation of the Secretary of Foreign Affairs.

12 SEC. 31. *Transitory Provision.* – Existing technical-vocational
13 scholarship programs under the TESDA, scholarships under the Indigenous
14 Peoples Rights Act (IPRA), the National Agriculture and Fisheries Education
15 System (NAFES), the Agriculture Competitiveness Enhancement Fund
16 Scholarship (ACEFS), the Science and Technology Act of 1994, the Student
17 Grants-in-Aid Program for Poverty Alleviation (SGP-PA) of the CHED and
18 the Department of Social Welfare and Development (DSWD) and similar state-
19 funded StuFAPs shall continue to be under the jurisdiction of the agencies
20 currently responsible for their design and implementation: *Provided*, That the
21 clientele-targeting and standards for selection and retention and awards shall be
22 compliant with the overall policies on quality, sustainability and efficiency set
23 by the Board.

24 SEC. 32. *Implementing Rules and Regulations.* – Within thirty (30)
25 days from the effectivity of this Act, the Board shall constitute itself, in
26 consultation with relevant stakeholders in higher and technical education, and
27 promulgate the implementing rules and regulations necessary for the proper
28 implementation of this Act within sixty (60) days.

1 SEC. 33. *Separability Clause.* – If, for any reason, any provision of
2 this Act is declared unconstitutional or invalid, parts or provisions of this Act
3 which are not affected shall continue to be in full force and effect.

4 SEC. 34. *Repealing Clause.* – All laws, executive order, presidential
5 decrees, implementing rules and regulations inconsistent with this Act are
6 hereby repealed or modified accordingly.

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

Approved,

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