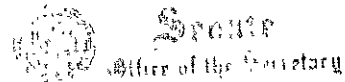


FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



NOV 15 10:50

SENATE
S.B. No. 3010

RECEIVED BY: 2

Introduced by SENATOR MANNY VILLAR


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 or 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.


MANNY VILLAR

NOV 15 10:50

SENATE
S.B. No. 3010

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Introduced by SENATOR MANNY VILLAR

AN ACT
ESTABLISHING A STUDENT ASSISTANCE PROGRAM SUPPORTED BY BANKING
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:

1 **SECTION 1. Title.** – This Act shall be known as the “National Student Assistance Act of
2 2011”.

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

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

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

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

13 **CHED** – shall refer to the Commission on Higher Education

14 **Eligible priority student** – shall refer to an eligible student who is an immediate
15 member of a family where no other immediate member of such family is enrolled in
16 or has completed post-secondary education, at the time of the loan application;

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

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

25 **GSIS** – shall refer to the Government Service Insurance System

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Institution of higher education – means an education institution that:

- (a) admits as regular students only persons having certificate of graduation from a an educational institution providing secondary education, or the recognized equivalent of such certificate;
- (b) is legally authorized to provide a program of 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 a nationally recognized agency or association.

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

Post-secondary education – may be 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 education institutions, the completion of which is attested by a school diploma issued by or with permission of the Technical Education and Skills Development Authority on 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 his/her loan application with a participating bank or government financial institution. A loan application shall include, among others:

- a. A Student SSS or GSIS number;

- 1 b. A Taxpayer's Identification Number (TIN);
- 2 c. A certification from a vocational or technical institution, or an institution of
3 higher education stating that such student has been admitted for
4 enrollment at such situation;
- 5 d. A List of expenses including the total tuition fees for the entire period of
6 attendance to complete the student's course or degree, with a necessary
7 allowance for any increases that the educational institution may rightfully
8 make and the other miscellaneous expenses certified by the educational
9 institution;
- 10 e. A reasonable approximation of the cost of attendance of the student in the
11 chosen educational institution which shall include, among others, the cost
12 of books, board, lodging and transportation expenses; and
- 13 f. All other requirement that the participating bank or government financial
14 institution may impose for the proper identification of the student. The
15 student shall also state in the application whether he prefers the private or
16 public sector for future employment.

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

21 **SECTION 7. Loan Disbursement** – Upon approval of the loan application, the loan
22 shall be disbursed in tranches every semester or trimester, or any other term of attendance,
23 depending on the academic calendar adopted by the educational institution. Any
24 succeeding tranche shall be disburse on the condition that the student-borrower completes
25 the term previously enrolled in as certified by the educational institution. The tuition fee and
26 miscellaneous fees payable to the educational institution may be disbursed or be made
27 payable directly to the educational institution.

28 **SECTION 8. Withholding of Second or Subsequent Disbursement.** – A lender
29 that receives information that the student-borrower has ceased to be enrolled before the
30 disbursement of the second or any succeeding installment shall withhold such
31 disbursement. Any disbursement which is so withheld shall be credited to the student-
32 borrower's loan and treated as a pre-payment thereon.

33 **SECTION 9. Interest Rate and tax Credit.** – For any loan procured under this Act.
34 Lenders shall charge an interest based on the prevailing Ninety (90) day Treasury Bill rate
35 at the time of the approval of the loan to be paid by the student-borrower and an additional
36 interest of three percent (3%) and in the case of loans to eligible priority students an
37 *additional interest of five percent (5%)* which shall not be payable by the student but maybe
38 claimed by the lender as a tax credit against gross receipts tax for the same taxable year
39 that the additional interest and the claimed tax credit shall be subject to proper
40 documentation and to the provisions of the National Internal revenue Code, as amended.

41 **SECTION 10. Terms and Condition of Loans.** – Any loan agreement shall –

- 42 a. Be evidenced by a note or other written instrument which provides for
43 repayment of the principal amount of the loan, together with interest
44 thereon, in equal installments (or, if the borrower so requests, in
45 graduated periodic installments) payable quarterly, bi-monthly, or
46 monthly at the option of the student;
- 47 b. Include a person for acceleration of repayment of the whole, or any
48 part, of such loan, at the option of the student;

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2 c. Repayment of the principal amount of the loan to the lender, together
3 with the accrued interest thereon, shall be in equal installments (or, if
4 the student-borrower so requests, in graduated periodic installments)
5 payable quarterly, bimonthly, or monthly at the option of the student-
6 borrower, over a period beginning not earlier than twenty four (24)
7 months after the student-borrower ceases attending the vocational,
8 technical and higher educational institution, and ending 8 years after
9 such date, except that such period may begin earlier that twenty four
10 (24) months upon the request of the student-borrower.

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

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

24 **SECTION 13. Student Number.** – For proper implementation of the Act and to
25 better facilitate the collection of the loan, the SSS and GSIS shall issue, upon application,
26 an SSS or GSIS number to the student-borrower. The number so issued shall serve as the
27 permanent SSS and GSIS number of the student-borrower.

28 **SECTION 14. Separability Clause.** – If any provision of this Act is declared
29 unconstitutional or otherwise invalid, the validity of the other provisions shall not be affected
30 thereby.

31 **SECTION 15. Repealing Clause.** – all laws, decrees, orders, rules and regulations
32 or parts thereof inconsistent with the Act are hereby repealed or modified accordingly.

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

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36 Approved
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