

FOURTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

7 JUN 30 P 1:49

SENATE

RECEIVED BY: 

Senate Bill No. 100

INTRODUCED BY HON. MANNY VILLAR

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.

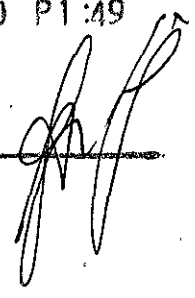
In vital recognition of the importance of education to nation building, the passage of this bill is earnestly requested.


MANNY VILLAR

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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.”

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
7 draws from the National Student Loan Fund to support his tertiary
8 education;
- 9
10 (b) “*National Student Loan Fund*” refers to a cross-subsidy benefit fund
11 collected by the national government and lent to qualified scholars;
- 12
13 (c) “*National Student Loan Board*” refers to a governing body under the Office
14 of the President tasked to implement the provisions of this Act;
- 15
16 (d) “*Board of Directors*” refers to the governing body of the Student Loan
17 Board and shall exercise the powers and duties hereinafter defined.
- 18
19 (e) “*Monthly Contribution*” refers to the voluntary contributions of income
20 earners to the Fund, based on the National Economic Development
21 Authority (NEDA) income brackets;
- 22
23 (f) “*Income Brackets*” refer to the classification system wherein income
24 earners as contributors to the fund are ranked according to annual family
25 income.
26
27

28 SECTION 3. *National Student Loan Board.* – There is hereby created a
29 National Student Loan Board, hereinafter referred to as the Board. The Board is
30 composed of the Secretary of Education as *ex officio* Chairman, the Chairman on

1 Commission on Higher Education (CHED) as *ex officio* Vice-Chairman, and the
2 following heads of the following government agencies as *ex officio* members:

- 3
- 4 a. Government Insurance Service System (GSIS);
- 5
- 6 b. Social Security System (SSS);
- 7
- 8 c. Philippine Overseas Employment Administration (POEA);
- 9
- 10 d. National Anti-Poverty Commission (NAPC);
- 11
- 12 e. Presidential Commission on Urban Poor (PCUP); and
- 13
- 14 f. League of Provincial Governors.
- 15

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

20
21 SECTION 4. *Powers and Functions of the Board.* – The powers and the
22 functions of the Board are as follows:

- 23
- 24 (a) Formulate the National Student Loan Program for the Poor within one (1)
25 year after the effectivity of this Act;
- 26
- 27 (b) Promulgate the necessary guidelines, rules and regulations for the
28 lending of funds for the education of the poor;
- 29
- 30 (c) Allocate and disburse funds for the education of the poor;
- 31
- 32 (d) Cancel, suspend, or revoke loans in case of deceit, fraud or cheating of
33 any kind on the part of the borrower;
- 34
- 35 (e) Implement the orders, rules, and regulations and guidelines passed by the
36 Board pursuant to the National Student Loan Program;
- 37
- 38 (f) Conduct annual spot and random inspections on borrowers;
- 39
- 40 (g) Conduct studies and researches for the improvement of educational
41 services for the poor;
- 42
- 43 (h) Appoint the necessary staff or employees for the Board;
- 44
- 45 (i) Reprimand, suspend or dismiss erring officials and employees of the
46 Student Loan Board based on the rules and regulations of the Civil
47 Service Commission;
- 48
- 49 (j) Act as trustees for the Investment Portfolio fund which shall be created
50 out of its excess over semestral operating and lending requirements;
- 51
- 52 (k) Appoint an investment manager for the Investment Portfolio Fund, should
53 it be deemed necessary; *Provided*, That such appointment should not
54 exceed three (3) years, and subject to performance review prior to
55 renewal;
- 56

- 1 (l) Appoint, every three (3) years, a professional actuary to perform an
2 actuarial review of the Student Loan Fund;
3
4 (m) Report to the Office of the President on monthly basis; and
5
6 (n) Perform such other powers and functions as may be necessary by the
7 President of the Philippines
8

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

- 15 A. At least one meeting shall be devoted to a review of the Student Loan
16 Fund's performance in terms of the following:
17
18 i) Total number of current beneficiaries;
19 ii) Number of dropouts, voluntary or revoked;
20 iii) Average academic performance by year of study;
21 iv) Breakdown of scholars by field of study;
22 v) Breakdown of scholars by region of origin;
23 vi) Breakdown of scholars by place of study; and
24 vii) Breakdown of scholars by size of annual family income and family
25 livelihood
26
27 B. At least one meeting shall be devoted to the review and approval of
28 individual scholars
29
30 C. At least one meeting per quarter shall be devoted to a financial review of
31 the Student Loan Fund. This review shall cover, among others, the
32 following:
33
34 i) Total contributions received;
35 ii) Total repayments made; and
36 iii) Current cash position as against cash requirements for the
37 quarter.
38

39 SECTION 6. *Quorum.* – All meetings shall only be convened with a quorum
40 of simple majority of the regular board members. All members convened without
41 the said quorum shall be deemed null and void.
42

43 SECTION 7. *Term of Office.* – The members of the Board shall hold office
44 for a term of three (3) years after their appointment or until their successors shall
45 have been appointed and qualified. Should a member of the Board fail to complete
46 the term, the successor shall be appointed by the President of the Philippines but
47 only for the unexpired portion of the term.
48

49 The members of the Board shall be entitled to reasonable traveling expenses
50 and honoraria.
51

52 SECTION 8. *Executive Director.* – There shall be an executive director who
53 shall be appointed by the Board and shall have the rank of a bureau director, with a
54 fix term of three (3) years, renewable for another term.
55

56 SECTION 9. *Executive Committee.* – The Board shall create an Executive
57 Committee who shall be headed by the Executive Director to determine the number

1 of employees needed to carry out the functions of the Student Loan Board. The
2 Board shall likewise provide for the qualifications and compensation of employees in
3 the Executive Committee in accordance with the existing civil service rules and
4 regulations.

5
6 The Executive Committee shall exercise the following functions:

- 7
8 (a) Recommend the approval of loan applications by the Board;
9
10 (b) Review, evaluate and assess programs, plans of action and agenda of the
11 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
18 Board.
19

20 SECTION 10. *National Student Loan Fund.* – All income earners as
21 determined under Section 10 hereof, who wants to be members of the National
22 Student Loan Fund and avail of the Benefits thereof, are hereby required to
23 contribute through salary deductions, to the National Student Loan Fund. Such
24 monthly contribution shall be based on the NEDA income brackets.
25

26 All monthly contributions shall be deposited by the Board in the Development
27 Bank of the Philippines (DBP) under the name of the National Students Loan Fund.
28

29 For the purpose of developing the relevant implementing details of the
30 National Student Loan Program, the Board shall use as principal reference the
31 Socialized Tuition and Financial Assistance Program (STFAP) of the University of
32 the Philippines.
33

34 SECTION 11. *Income Brackets.* – National Economic Development Authority
35 (NEDA) income brackets of wage earners shall be the basis of contributions to the
36 National Student Loan Fund. The contribution structure shall be progressive, from a
37 minimum of one-half percent of individual income bracket to a maximum of four
38 percent of individual income bracket.
39

40 SECTION 12. *Beneficiary Loan Amount.* – The loan available to a scholar as
41 beneficiary of income earner who is a member of the National Student Loan Fund
42 shall be subject to the following terms and conditions:
43

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

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

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

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

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

27
28 SECTION 15. *Tax Deductibility.* – All contributions made to the Fund shall be
29 deductible from taxable personal income. All loan repayments of graduate
30 beneficiaries shall likewise be deductible from taxable personal income.

31
32 SECTION 16. *Implementing Rules and Regulations.* – The Department of
33 Education and the Commission on Higher Education shall, within six (6) months
34 from effectivity of this Act, issue the necessary rules and regulations to carry out the
35 objective of this Act.

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

41
42 SECTION 18. *Separability Clause.* – If for any reason any provision of this
43 Act is declared unconstitutional or invalid, parts or provisions of this Act o which are
44 not affected shall continue to be in force and effect.

45
46 SECTION 19. *Repealing Clause.* – All laws, executive orders and
47 presidential decrees, rules and regulations or parts thereof inconsistent with any
48 provisions of this Act are hereby repealed or amended accordingly.

49
50 SECTION 20. *Effectivity* - This act shall take effect fifteen (15) days following
51 its publication in the *Official Gazette* or in any two (2) national newspapers of
52 general circulation.

53
54 Approved,
55