


FIFTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

OFFICE OF THE SECRETARY

10 JUL -1 P1 32

SENATE

Senate Bill No. 68RECEIVED BY: 

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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Senate Bill No. 68

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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 education;
8

9 (b) “*National Student Loan Fund*” refers to a cross-subsidy benefit fund collected
10 by 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
16 and shall exercise the powers and duties hereinafter defined.
17

18 (e) “*Monthly Contribution*” refers to the voluntary contributions of income earners
19 to 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
23 as contributors to the fund are ranked according to annual family income.
24
25

26 SECTION 3. *National Student Loan Board.* – There is hereby created a National
27 Student Loan Board, hereinafter referred to as the Board. The Board is composed of
28 the Secretary of Education as *ex officio* Chairman, the Chairman on Commission on
29 Higher Education (CHED) as *ex officio* Vice-Chairman, and the following heads of the
30 following government agencies as *ex officio* members:

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- a. Government Insurance Service System (GSIS);
- b. Social Security System (SSS);
- c. Philippine Overseas Employment Administration (POEA);
- d. National Anti-Poverty Commission (NAPC);
- e. Presidential Commission on Urban Poor (PCUP); and
- f. League of Provincial Governors.

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

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

- (a) Formulate the National Student Loan Program for the Poor within one (1) year after the effectivity of this Act;
- (b) Promulgate the necessary guidelines, rules and regulations for the lending of funds for the education of the poor;
- (c) Allocate and disburse funds for the education of the poor;
- (d) Cancel, suspend, or revoke loans in case of deceit, fraud or cheating of any kind on the part of the borrower;
- (e) Implement the orders, rules, and regulations and guidelines passed by the Board pursuant to the National Student Loan Program;
- (f) Conduct annual spot and random inspections on borrowers;
- (g) Conduct studies and researches for the improvement of educational services for the poor;
- (h) Appoint the necessary staff or employees for the Board;
- (i) Reprimand, suspend or dismiss erring officials and employees of the Student Loan Board based on the rules and regulations of the Civil Service Commission;
- (j) Act as trustees for the Investment Portfolio fund which shall be created out of its excess over semestral operating and lending requirements;
- (k) Appoint an investment manager for the Investment Portfolio Fund, should it be deemed necessary; *Provided*, That such appointment should not exceed three (3) years, and subject to performance review prior to renewal;
- (l) Appoint, every three (3) years, a professional actuary to perform an actuarial review of the Student Loan Fund;
- (m) Report to the Office of the President on monthly basis; and

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2 (n) Perform such other powers and functions as may be necessary by the
3 President of the Philippines
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5 SECTION 5. *Meetings of the Board.* – The Board shall hold monthly meetings to
6 be held every first Monday of the month. The Chairman of the Board shall be the
7 presiding officer. In the absence of the Chairman, the Vice-Chairman of the Board shall
8 automatically take over. Minutes of all meetings shall be recorded and attested to by a
9 simple majority of all regular board members.
10

11 A. At least one meeting shall be devoted to a review of the Student Loan
12 Fund's performance in terms of the following:
13

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

23 B. At least one meeting shall be devoted to the review and approval of
24 individual scholars
25

26 C. At least one meeting per quarter shall be devoted to a financial review of the
27 Student Loan Fund. This review shall cover, among others, the following:
28

- 29 i) Total contributions received;
- 30 ii) Total repayments made; and
- 31 iii) Current cash position as against cash requirements for the quarter.
32

33 SECTION 6. *Quorum.* – All meetings shall only be convened with a quorum of
34 simple majority of the regular board members. All members convened without the said
35 quorum shall be deemed null and void.
36

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

43 The members of the Board shall be entitled to reasonable traveling expenses
44 and honoraria.
45

46 SECTION 8. *Executive Director.* – There shall be an executive director who
47 shall be appointed by the Board and shall have the rank of a bureau director, with a fix
48 term of three (3) years, renewable for another term.
49

50 SECTION 9. *Executive Committee.* – The Board shall create an Executive
51 Committee who shall be headed by the Executive Director to determine the number of
52 employees needed to carry out the functions of the Student Loan Board. The Board
53 shall likewise provide for the qualifications and compensation of employees in the
54 Executive Committee in accordance with the existing civil service rules and regulations.
55

56 The Executive Committee shall exercise the following functions:
57

- 1 (a) Recommend the approval of loan applications by the Board;
2
3 (b) Review, evaluate and assess programs, plans of action and agenda of the
4 Board;
5
6 (c) Review, evaluate and assess the academic standing of loan borrowers;
7
8 (d) Recommend the cancellation or revocation of loans, and
9
10 (e) Perform such other powers and functions as maybe determined by the
11 Board.
12

13 SECTION 10. *National Student Loan Fund.* – All income earners as determined
14 under Section 10 hereof, who wants to be members of the National Student Loan Fund
15 and avail of the Benefits thereof, are hereby required to contribute through salary
16 deductions, to the National Student Loan Fund. Such monthly contribution shall be
17 based on the NEDA income brackets.
18

19 All monthly contributions shall be deposited by the Board in the Development
20 Bank of the Philippines (DBP) under the name of the National Students Loan Fund.
21

22 For the purpose of developing the relevant implementing details of the National
23 Student Loan Program, the Board shall use as principal reference the Socialized Tuition
24 and Financial Assistance Program (STFAP) of the University of the Philippines.
25

26 SECTION 11. *Income Brackets.* – National Economic Development Authority
27 (NEDA) income brackets of wage earners shall be the basis of contributions to the
28 National Student Loan Fund. The contribution structure shall be progressive, from a
29 minimum of one-half percent of individual income bracket to a maximum of four percent
30 of individual income bracket.
31

32 SECTION 12. *Beneficiary Loan Amount.* – The loan available to a scholar as
33 beneficiary of income earner who is a member of the National Student Loan Fund shall
34 be subject to the following terms and conditions:
35

- 36 a. *Availability* – Loans shall be available only for undergraduate degree courses.
37 This program shall not cover post graduate courses
38
39 b. *Loan Size* – Loan amount shall be equivalent to the prevailing cost per
40 academic unit at the University of the Philippines multiplied by eighteen (18)
41 academic units.
42
43 c. *Loan Repayment* – Loans shall carry an annual interest rate of 15% payable
44 over five (5) years commencing the first year after graduation of the scholar.
45 Loan amortization computation shall use the *Straight-Line Method*.
46 Amortization shall be deductible from salary of income earners as members
47 or from the salary of employed graduate scholars. It may also be paid
48 directly to the fund in case of self-employed graduate scholars.
49
50 d. *Application* – Loans shall be applicable to the school of choice of the
51 designated beneficiary as scholar, to cover tuition and living allowance.
52 Amounts in excess of the loan needed to cover the scholar's needs to have
53 to be derived from other sources.
54
55 e. *Drawdown* – Upon the approval of a loan, an amount equivalent to the tuition
56 of the scholar can immediately be drawn upon presentation of proof of
57 registration. Balance can be drawn in five (5) equal monthly installments

1 starting the first month of the semester in the case of schools using the first
2 semestral system, or four (4) equal monthly installments starting the first
3 month of the trimester in the case of schools using the trimestral system.
4

5 SECTION 13. *Investment Portfolio.* – Monies representing contributions to the
6 Student Loan Fund shall be placed in an investment portfolio fund. The interest to be
7 derived out of the investment portfolio shall be used to fund all scholarships for qualified
8 scholars in academic institutions of their choice, *Provided,* That such educational
9 institutions are duly accredited by the DepEd and CHED and are included in a list of
10 qualified tertiary education institutions prepared by the Board for this Purpose.
11

12 SECTION 14. *Loan Repayments.* – The heads of the GSIS, the SSS, the POEA
13 are hereby directed to closely coordinate with the Board to determine the present
14 occupational status of borrowers for purposes of loan repayments to the fund.
15

16 SECTION 15. *Tax Deductibility.* – All contributions made to the Fund shall be
17 deductible from taxable personal income. All loan repayments of graduate beneficiaries
18 shall likewise be deductible from taxable personal income.
19

20 SECTION 16. *Implementing Rules and Regulations.* – The Department of
21 Education and the Commission on Higher Education shall, within six (6) months from
22 effectivity of this Act, issue the necessary rules and regulations to carry out the
23 objective of this Act.
24

25 SECTION 17. *Appropriations.* – The initial amount of Ten Million Pesos
26 (P10,000,000.00) is hereby appropriated for the effective implementation of this Act.
27 Thereafter, such amounts as may be necessary for the continued operations of the
28 Board shall be included in the annual General Appropriations Act.
29

30 SECTION 18. *Separability Clause.* – If for any reason any provision of this Act is
31 declared unconstitutional or invalid, parts or provisions of this Act o which are not
32 affected shall continue to be in force and effect.
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34 SECTION 19. *Repealing Clause.* – All laws, executive orders and presidential
35 decrees, rules and regulations or parts thereof inconsistent with any provisions of this
36 Act are hereby repealed or amended accordingly.
37

38 SECTION 20. *Effectivity* - This act shall take effect fifteen (15) days following its
39 publication in the *Official Gazette* or in any two (2) national newspapers of general
40 circulation.
41

42 Approved,
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