


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



'11 MAY 30 P4:59

SENATE  
S.B. No. 2848

RECEIVED BY: 

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Introduced by SENATOR MANNY VILLAR

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#### EXPLANATORY NOTE

The 1987 Constitution of the Republic of the Philippines provides that the State shall establish and maintain a system of scholarship grants, student loan programs, subsidize and other incentives which shall be available to deserving student in both public and private school, especially to the unprivileged (Section 2 (3), Article 14, 1987 Philippine Constitution).


In line with this constitutional provision, the attached bill proposes the creation of a National Student Loan Board to implement a National Student Loan Program. The proposed loan program is designed to promote democratization of access to educational opportunities in post secondary, tertiary levels and graduate school to qualified students through financial assistance in the form of an educational loan. The bill aims to establish and maintain a system of student loan program and other incentives that will be available to deserving post-secondary, tertiary and graduate students in both public and private schools, especially the unprivileged. If enacted, this student loan program will certainly be able to open opportunities towards the realization of a better future to those students who, because of poverty or financial difficulty, have been denied access to pursue further education.

In view of the foregoing, the immediate approval of the bill is highly recommended.

  
MANNY VILLAR

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**AN ACT**  
**CREATING A NATIONAL STUDENT LOAN BOARD TO IMPLEMENT A NATIONAL STUDENT LOAN PROGRAM FOR POST SECONDARY ,TERTIARY AND POST GRADUATE EDUCATION, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

*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 “National Student Loan  
2 Program Act of 2011. “

3       **Section 2. Declaration of Policy.** – it is declared policy of the State to protect  
4 and promote the right of all citizens to quality education at all levels and shall take  
5 appropriate steps to make such education accessible to all. Further, it is a declared  
6 State policy to establish and maintain a system of scholarship grants, student loan  
7 programs, subsidies, and other incentives which shall be available to deserving students  
8 in both public and private schools, especially to the unprivileged. For these reasons, the  
9 National Loan Program is hereby established to provide for a more effective loan  
10 assistance program, and to institute a system for efficient loan collection.

11       **Section 3. Definition of Terms.** - For purposes of this Act, the following terms  
12 shall mean:

13       (a.)       National Student Loan Program refers to the government  
14 educational loan program which shall be designed to promote  
15 democratization of access to educational opportunities in post-  
16 secondary and tertiary levels to qualified students through financial  
17 assistance in the form of an educational loan.

18       (b.)       National Student Loan Fund, hereinafter called the “Fund” refers to  
19 a cross-subsidy benefit fund to be collected by the National  
20 Government and lent to qualified borrowers as hereinafter defined;

21       (c.)       National Student Loan Board, hereinafter called “Loan Board.”  
22 Refers to a governing body under the Office of the President tasked  
23 to formulate policies, guidelines and rules and regulation for the  
24 operation, management and supervision of the national student  
25 loan fund for the national Student loan Program and to implement  
26 the provision of this Act;

27       (d.)       Student Loan Borrower refers to qualified beneficiary who draws  
28 from the National Student Loan Fund to support his or her post-  
29 secondary or tertiary education;

30       (e.)       Deserving Students refers to students qualified under this Act and  
31 who have the ability to continue and finish a post secondary or  
32 tertiary education: provided, that they are currently enrolled or

1 intend to enroll in any of the priority courses subsequently identified  
2 and determined by CHED and TESDA;

3 (f.) Delinquent Borrower refers to a student-borrower under the  
4 National Student Loan program who has not paid in full for a period  
5 of three and a half years after graduation and gainful employment;

6 (g.) Post Secondary Education refers to the education and training in  
7 non-degree vocational and technical courses offered in post-  
8 secondary vocational and technical education institutions, or  
9 education in degree courses offered by higher

10 (h.) Tertiary Education refers to the education and training in degree  
11 programs offered in higher education institutions, the completion of  
12 which are attested by the Commission on Higher Education  
13 (CHED);

14 (i.) Tuition Fee refers to the fees representing direct cost of instruction,  
15 training and other related activities and for the student's use of the  
16 instruction and training facilities;

17 (j.) Miscellaneous Fees and Other School Fees refers to those fees  
18 which cover other necessary costs supportive of instruction,  
19 including, but not limited to medical and dental, athletic, library and  
20 laboratory fees;

21 (k.) Educational Expenses refers to the expenses related to the  
22 education of the student, such as books, subsistence and board  
23 and lodging, but excluding tuition and miscellaneous and other  
24 school fees;

25 (l.) Clearance refers to the certification issued by the National Bureau  
26 of Investigation indicating whether or not the student borrower has  
27 fully paid the loan.

28 **Section 4. National Student Loan Board.** – To carry out the purposes of this  
29 Act, there shall be created, a National Student Loan Board to implement a National  
30 Student Loan Program for deserving students. This Board will be under the Office of the  
31 President of the Philippines, but in close coordination with the Commission on Higher  
32 education (CHED) and the Technical Education and Skills Development Authority  
33 (TESDA).

34 The National Student Loan Board, hereinafter referred to as the Loan Board shall  
35 be a governing body that shall formulate policies, guidelines, and rules and regulations  
36 necessary for the operation, management and supervision of the National Student Loan  
37 Fund and the National Student Loan Program for the Post Secondary and Tertiary  
38 Education and graduate School.

39 **Section 5. Composition of the Loan Board.** – The Loan Board created under  
40 this Act shall be composed of the following members:

41 1.) The Chairperson of the Commission on the Higher Education, as Chairperson  
42 of the National Student Loan Board;

43 2.) The Director-General of the Technical Education and Skills Development  
44 Authority; as Co-Chairperson;

45 3.) The Secretary of the Department of Social Welfare and Development  
46 (DSWD), as the Vice Chairperson;

47 4.) The Secretary of the Department of Labor and Employment, as Member;

48 5.) The Secretary of the Department of Finance, as Member;

- 1           6.) The Chairperson of the House Committee on Higher & Technical Education,  
2           as Member;
- 3           7.) The Chairperson of the Senate Committee on Education, Arts and Culture, as  
4           Member;
- 5           8.) The Director-General of the national Economic and Development Authority  
6           (NEDA), as Member;
- 7           9.) The Commissioner, Bureau of Immigration, as Member;
- 8           10.) The President, Government Service Insurance System, as Member;
- 9           11.) The President, Social Security System, as Member;
- 10          12.) The Director of the National Bureau of Investigation, as Member;
- 11          13.) The President, Philippine Association of State Universities and Colleges  
12          (PASUC), as Member;
- 13          14.) The President, Coordinating Council of Private Educational Associations,  
14          as Member; and
- 15          15.) The President, Association of Local Colleges and Universities, as  
16          Member.

17           **Section 6. Compensation of the Loan Board.** – The members shall serve  
18 without compensation, but they shall be entitled to per diems and be reimbursed for  
19 necessary expenses incurred in their attendance of meetings of the Loan Board or in  
20 connection with their official business authorized by resolution of the Loan Board,  
21 subject to existing laws and regulations.

22           **Section 7. Powers and Functions of the Loan Board.** – The powers and  
23 functions of the Loan Board shall include the following:

- 24           a) To primarily manage, administer and supervise the National Student Loan  
25 Fund for the National Student Loan Program, including the allocation and  
26 disbursement of funds to implement the program;
- 27           b) To allocate and disburse funds for the education of qualified student  
28 borrowers;
- 29           c) To closely coordinate with NEDA in determining the income brackets of  
30 Filipino families for the purpose of identifying qualified student borrowers;
- 31           d) To closely coordinate with CHED and TESDA in determining the qualifications  
32 of student borrowers for degree and non degree courses in various post  
33 secondary and tertiary educational institutions;
- 34           e) To closely coordinate with the Bangko Sentral ng Pilipinas in determining  
35 delinquent loan borrowers and setting up a mechanism for blacklisting them  
36 should they apply for loans or credit cards from banks;
- 37           f) To promulgate the necessary guidelines, rules or regulations for the lending of  
38 funds for the education of qualified student borrowers;
- 39           g) To plan, implement and monitor annual work programs, as well as evaluate,  
40 and submit annual reports in pursuance of the objectives of this Act;
- 41           h) To conduct investigation, receive documentary proof, and determine who are  
42 eligible students based on the provisions in this Act;
- 43           i) To institute a system within the National Bureau of Investigation that shall  
44 state in the NBI clearance issued to the applicant whether or not he or she has  
45 unpaid loan from the National Student Loan program;

- 1 j) To plan and implement a program of generating funds for the loan program to  
2 finance the education of the students who qualify under the provision of this  
3 Act: Provided, however, That the distribution of loans to the various cities and  
4 provinces shall be proportion to their population: Provided, further, That  
5 support for student recipients shall be given until they finish their course of  
6 study; Provided, finally, that student debtors shall not be entitled to financial  
7 aid for subjects that they repeat on account of failure or dropping of subjects;
- 8 k) To receive donations, legacies, gifts and other forms of contribution, whether  
9 in cash or in property, from both public and private sources here and abroad,  
10 which shall accrue to the special fund created under this Act, and to receive  
11 and utilize the services and assistance of experts: Provided, that such  
12 donations, legacies and contributions shall be exempt from taxation and shall  
13 be allowable deductions for income tax purposes;
- 14 l) To be repository of data and information about student borrowers under the  
15 National Student Loan Program;
- 16 m) To maintain and regularly update every six (6) months, the lists of qualified  
17 student loan borrowers and priority courses being offered in public and private  
18 post secondary education and tertiary educational institutions;
- 19 n) To issue certificates which shall be valid anywhere in the country as proof of  
20 the eligibility of the student loan borrower to avail himself/herself of the loan  
21 program;
- 22 o) To cancel the certificates issued based on the grounds under Section 21  
23 thereof;
- 24 p) To appoint the necessary staff and/or employees of the Loan Board;
- 25 q) To Cancel, suspend, or revoke loans in cases of deceit, fraud or cheating of  
26 any kind on the part of the borrower;
- 27 r) To be the trustees for the Investment Portfolio of the Fund, which shall be  
28 created of its excess over semestral operating and lending requirements;
- 29 s) To appoint an investment manager for the Investment Portfolio should be  
30 deemed necessary: Provided, That such appointment should not exceed three  
31 (3) years, and subject to performance review prior to renewal;
- 32 t) To reprimand, suspend or dismiss erring officials and employees of the Loan  
33 Board based on the existing rules, regulations and guidelines passed by the  
34 Loan Board on the rules and regulations of the Civil Service Commission;
- 35 u) To report to the Office of the president on a monthly basis; and
- 36 v) To perform such powers and functions as may for the effective implementation  
37 of this Act.

38 **Section 8. Term of Office.** – The members of the Loan Board shall hold office for  
39 a term of three (3) years after their appointment or until their successors shall have been  
40 appointed or qualified. Should a member of the Loan Board fail to complete the term, a  
41 successor shall be appointed by the President for the unexpired portion of the term.

42 **Section 9. Meetings of the Loan Board.** – The Loan Board shall hold twelve (12)  
43 regular board meetings every first Monday of the month. The Chairperson of the Loan  
44 Board may call a special meeting when necessary: Provided, that the members are  
45 notified in writing at least three (3) working days prior to said meeting. A Chairperson of  
46 the Loan Board, the chairperson of the CHED shall be the presiding officer during the  
47 board meetings. In the absence of the Chairperson of the CHED, a CHED  
48 Commissioner duly designated by him/her shall represent him/her in the meeting with all  
49 the rights and responsibilities of a regular member: Provided, however, That during this  
50 meeting, the Director-General of the TESDA, who is the Co-Chairperson of the Loan

1 Board, shall be the Presiding Officer: Provided, further, that in the absence of both the  
2 Chairperson of the Loan Board, shall act as the presiding Officer

3 **Section 10. Quorum for the Loan Board Meetings.** – All regular and emergency  
4 meetings shall only be convened with a quorum of at least fifty per centum (50%) plus  
5 one (1) of the regular Loan Board members. All meetings convened without the said  
6 quorum shall be deemed null and void.

7 **Section 11. The Executive Committee of the Loan Board.** – There shall be  
8 created an Executive Committees of the Loan Board, which shall serve as the  
9 secretariat to carry out the functions of the Loan Board. It shall be composed of the  
10 Executive Director and ten (10) Executive Committee Members.

11 **Section 12. Powers and Functions of the Executive Committee.** – The  
12 Executive Committee, headed by the Executive Director, shall have the following powers  
13 and functions:

- 14 a) To recommend the approval of loan application by the Loan Board;
- 15 b) To review, evaluate and assess programs, plans of action and/or agenda of  
16 the Loan Board;
- 17 c) To implement the orders, rules, regulations and guidelines passed by the Loan  
18 Board;
- 19 d) To plan, implement and monitor annual work programs and to evaluate and  
20 submit annual reports to the Loan Board in pursuance of the objectives of this  
21 Act;
- 22 e) To conduct investigation, receive documentary proof and determine who are  
23 qualified or eligible to avail themselves of the National Student Loan Program  
24 based on the provision of this Act;
- 25 f) To maintain, update and submit to the Loan Board all data concerning the loan  
26 program and its beneficiaries;
- 27 g) To review, evaluate and assess the academic standing of loan borrowers on a  
28 regular basis for submission to the Loan Board;
- 29 h) To conduct annual spot and random inspection on borrowers and to determine  
30 their credit standing and whereabouts after graduation;
- 31 i) To issue certificates, upon approval of the Loan Board, which shall be valid  
32 anywhere in the Philippines as proof of the eligibility of the student loan  
33 borrower who will avail himself/herself of the National Student Loan Program;
- 34 j) To recommend the cancellation of certificate and/or revocation of loans; and
- 35 k) To perform such other powers and functions as may be determined by the  
36 Loan Board.

37 **Section 13. Executive Director of the Executive Committee of the Loan**  
38 **Board.** – The Loan Board shall appoint an Executive Director who shall head the  
39 Executive Committee of the Loan Board. He/ She must be a natural-born citizen of the  
40 Philippines and must be a holder of Career Executive Service Officers (CESO) eligibility.

41 The Executive Director shall receive a monthly compensation equivalent to a  
42 salary grade 28. He/she shall serve a term of three (3) years and can be reappointed for  
43 another term.

44 **Section 14. Executive Committee Members.** – There shall be ten (10) Executive  
45 Committee members, eight (8) members of whom shall come from the State Universities  
46 and Colleges, and two (2) from the private sector, all of whom shall be appointed by the  
47 National Student Loan Board. Each Executive Committee Member shall receive a

1 monthly compensation equivalent to salary grade 26 and functional area of the Loan  
2 Board. The term of the Executive Committee Members shall be coterminous with that of  
3 the Executive Director.

4 **Section 15. Loan Board Staff/Employees.** – The Loan Board shall determine  
5 the number of staff/employees needed to carry out the functions of the Board, subject to  
6 Civil Service rules and regulations on the hiring servants.

7 **Section 16. National Student loan Trust Fund.** – The Loan Board shall  
8 establish a Loan trust Fund for CHED and TESDA to cover the tuition, miscellaneous  
9 and other school fees and other educational expenses of the student borrower under the  
10 National Student Loan program. The amount derived from the loan repayments of  
11 borrowers, which include payment for the principal and interests, shall accrue to the  
12 Loan Trust Fund.

13 **Section 17. Loanable Amount.** – The Loan Board shall determine the maximum  
14 amount that can be availed of by the student loan borrowers. Educational loans under  
15 this Act may cover matriculation and other school fees and educational expenses for  
16 books, subsistence, and board and lodging: Provided, that amounts covering payments  
17 for tuition and other fees shall be paid directly to the school concerned.

18 The Loans available to student borrowers shall be subject to the following terms  
19 and conditions:

- 20 a) Availability – Loans under the national Student Loan Program shall be  
21 available for post-secondary non-degree and undergraduate degree programs  
22 under the TESDA and tertiary or degree programs under the CHED,  
23 respectively. This program shall not cover postgraduate courses;
- 24 b) Loan Size – The loanable amount shall be equivalent to the prevailing cost per  
25 academic unit at the University of the Philippines multiplied by twenty-one (21)  
26 academic units or subject to the decision of the loan Board.
- 27 c) Loan Applicability – The Loan shall be applicable to the school of choice of the  
28 student loan borrower, whether it is a public or private school offering post  
29 secondary technical or vocational courses or college degree programs, to  
30 cover tuition fees and living allowance. Amounts in excess of the loan needed  
31 to cover the student borrower's needs shall have to be derived from other  
32 sources;
- 33 d) Drawdown – Upon approval of a loan, an amount equivalent to the tuition of  
34 the student loan borrower can immediately be drawn upon presentation of  
35 proof of registration. Balance can be drawn in five (5) equal monthly  
36 installments starting the first month of the semester in the case of schools  
37 using the semestral system, or four (4) equal monthly installments starting the  
38 first month of the trimester in the case of schools using the trimestral system.

39 **Section 18. Interest Rate and Loan Collection Scheme** – In the formulation of  
40 policies regarding the interest and loan repayment or collection scheme for the National  
41 Student Loan Program, the following principles must be observed:

- 42 a) Any loan granted shall be paid by the student-debtor after he has finished  
43 the course or profession for which the proceeds of the loan were expended,  
44 but only after a period of two (2) years from the time he has acquired gainful  
45 employment: provided, That the government shall endeavor to give priority  
46 to students under the program in obtaining possible employment;
- 47 b) Voluntary repayment of loans shall start anytime the loan borrower wants to  
48 pay even before finishing the course or having gainful employment:  
49 Provided, That a reduced rate of five percent (5%) per annum shall apply;
- 50 c) Interest at the rate of not more than five percent (5%) per annum shall be  
51 applied to the loan or the balance thereof. The loan Board shall formulate a

1 loan collection scheme table as guide of the deputized bank and all  
2 concerned agencies in computing interest rates; and

3 d) The NBI shall determine the employment status and whereabouts of the  
4 delinquent loan borrowers for clearance application and/or renewal.

5 **Section 19. Qualification Requirement of Applicant.** – A student eligible  
6 under this Act shall have the following entry requirements:

7 1) Filipino Citizen;

8 2) Currently enrolled or intend to enroll in any of the courses to be determined  
9 by CHED or TESDA;

10 3) Has parents or guardians with a gross annual income to be determined by  
11 the NEDA income bracket;

12 4) Has stopped schooling for more than one year due to valid reasons, but  
13 intends to return to school to finish the remaining semester required by the  
14 course or program; and

15 5) Does not enjoy any scholarship or study grant.

16 **Section 20. Limitations.** – The Right of any qualified student to avail himself of  
17 the loan assistance under this Act shall not apply when:

18 1) He/she fails one (1) school year in the majority of the academic subjects on  
19 which he has enrolled during the course of his study unless such failure is  
20 due to some valid cause beyond his control;

21 2) He/ She has been declared absent without official leave (AWOL) or is  
22 permanently disqualified or expelled from the educational institution where  
23 he is enrolled in;

24 3) He/she stops schooling for one (1) year unless such is due to some valid  
25 cause beyond his control; and

26 4) He/she is convicted of any crime.

27 **Section 21. Implementing Rules and Regulations.** – The CHED and TESDA  
28 shall, within sixty (60) days from the effectivity of this Act, issue such rules and  
29 regulations necessary for the proper implementation of this Act.

30 **Section 22. Appropriations.** – There is hereby appropriated the amount of P1  
31 billion (P1,000,000,000.00) out of the funds in the National Treasury, not otherwise  
32 appropriated, to be used to finance the National Student Loan Program to carry out the  
33 provisions of this Act. Thereafter, such sum as may be necessary for its continued  
34 implementation shall be included in the annual General Appropriations Act.

35 **Section 23. Repealing Clause.** – All laws, presidential decrees, executive  
36 orders, proclamations, rules and regulations which are inconsistent with the provisions of  
37 this Act are hereby repealed or modified accordingly.

38 **Section 24. Separability Clause.** – If any provision of this Act is held invalid or  
39 unconstitutional, other provisions not affected shall be continue to be in full force and  
40 effect.

41 **Section 25. Effectivity.** – This Act shall take effect fifteen (15) days after its  
42 complete publication in at least two (2) newspapers of general circulation.

43

44 *Approved,*

45