

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**FIFTEENTH CONGRESS**

First Regular Session

153

---

**Introduced by: Honorable EDWIN L. OLIVAREZ**

---

**EXPLANATORY NOTE**

In the light of today's reality of subsidizing poor, yet, deserving students with qualification in terms of academic standards, the availment of the "Study Now Pay Later" Program is indeed a big sigh of relief, not only to the students, but by and large to the parents who are directly and the ultimate in the forefront of giving the best they could for their children's education.

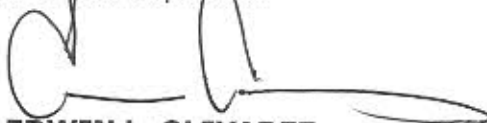
Education as a service program, is not only the parents obligation, but the government as well, through their social agenda, is likewise mandated to give education to their citizenry, so that in the end, they will become effective partners of the government in nation building, as future leaders and good citizens.

The Study Now Pay later Program, is one of the core legislation of the late Senator Benigno "Ninoy" Aquino, the father of our current President, His Excellency Benigno Simeon "Noy" C. Aquino III, thus, since its passage into law, numerous students and parents, as well, have already availed the said program.

However, under our present dispensation, in order to carry a more social and wide spread coverage of the said law, there is therefore a need to amend and upgrade the said program, much more that, education being one of the main agenda of President Noy Aquino, under his leadership, reaching out to deserving students for the availment of this program is not only practical, but in context, is also timely.

Hence, viewed from this amendment, the realization of this program, through the Study Now Pay Later Plan, is necessitated to have a localize approach, through our Local Government Units (LGUs), so that students from anywhere in the Philippines can avail this program by simply applying in their respective Local Government Units office.

By the foregoing, approval of this bill is therefore requested.



**EDWIN L. OLIVAREZ**  
1<sup>ST</sup> District Paranaque City

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

FIFTEENTH CONGRESS  
First Regular Session

153  
House Bill No. \_\_\_\_\_

---

**Introduced by Representative EDWIN L. OLIVAREZ**

---

**AN ACT**  
**STRENGTHENING THE “STUDY NOW PAY LATER PLAN” FOR POST-**  
**SECONDARY EDUCATION AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and the House of Representatives in Congress assembled:*

SECTION 1. Short Title. This Act shall be known as the “Reformed ‘Study Now Pay Later’ Act of 2010.”

SEC. 2. Statement of Policy.

Acknowledging the importance of education for an individual’s personal and professional growth, the State hereby declares its policy of ensuring access of every Filipino citizen to quality education at all levels. In pursuance thereof, the State, through concerned government agencies, shall establish and maintain a system of scholarship grants, student loan programs, subsidies and other incentives enabling deserving yet financially-challenged individuals to commence and complete post-secondary course.

In keeping with this goal, the “Study Now Pay Later Plan” is hereby strengthened to provide a reinforced financial assistance program for qualified individuals.

SEC. 3. Definition of Terms.

- (1) "Study Now Pay Later Plan" refers to the educational scholarship program sponsored by the government designed to promote the accessibility to educational opportunities in post-secondary level to poor but deserving students through financial assistance in the form of an educational loan.
- (2) "Loan Trust Fund" refers to funds acquired under the provision of this Act held in trust by CHED and TESDA for the operationalization of the Study Now Pay Later Plan (SNPLP).
- (3) "Post-Secondary Education" refers to the education and training in non-degree vocational and technical courses offered in post-secondary vocational and technical education institutions, or education in degree courses offered by higher educational institutions, the completion of which are attested by a certificate or diploma issued by or with permission of the Technical Education and Skills Development Authority (TESDA) or the Commission on Higher Education (CHED), respectively.
- (4) "Educational loan eligibility certificate" is a non-negotiable, non-transferable instrument issued by the Loan Trust Fund Board that proves the qualification of the person named therein as grantee to obtain loans and other obligations from CHED or TESDA subject to the terms and conditions that the Loan Trust Fund Board may provide.

#### SEC. 4. Loan Trust Fund Board.

To carry out the purposes of this Act, there is hereby created a Loan Trust Fund Board, hereinafter referred to as the Board, a governing body that shall formulate policies, guidelines, and rules and regulations necessary for the operation, management and supervision of the Loan Trust Fund and SNPLP.

#### SEC. 5. Composition of the Board.

The Board shall be composed of the Chairman of the CHED who shall serve as the Chairman of the Board, the Executive Director of the TESDA which shall serve as the Vice-Chairman, and one (1) representative each from the following offices as members: National Bureau of Investigation, Bureau of Internal Revenue; Government Service Insurance System; Social Security System; Senate Committee on Education, Art and Culture; and Committee on Higher and Technical Education of the House of Representatives and representative from the private sector.

## SEC. 6. Powers and Functions.

The Board shall have the following functions:

- (1) Cause the creation an “administrative unit” within CHED and TESDA that is tasked to manage the lending of the loan to student-grantee in various post-secondary educational institutions and be the repository of the date and information about the loan borrowers of the SNPLP;
- (2) Institute a system within GSIS and SSS that automatically withhold a portion of the contributions of members who are SNPLP loan borrowers as a loan repayment, and deposit the amount to the Loan Trust Fund;
- (3) Institute a system within the BIR that Tax Identification Number (TIN) to student loan borrowers and tracks their whereabouts;
- (4) Institute a system within NBI to withhold clearance of applicants with unpaid loans from SNPLP;
- (5) Establish and adopt a program of generating funds for educational loans and scholarship grants-in-aid to students who qualify under the provision of the Act;
- (6) Encourage and coordinate the grant of scholarship grant-in-aid to deserving students by public and private agencies;
- (7) Plan and implement a program of financing the education of need and deserving students; Provided, however, that the distribution of loans and scholarship grants-in-aid to the various cities and provinces shall be given until they finish their course of study: Provided, finally, that student debtors shall not be entitled to financial aid for subject they repeat on account of failure or dropping of subject;
- (8) Solicit and receive donations, legacies, grant-in-aid and other forms of contribution, whether in cash or in property from both public and private sources, here and abroad, which shall accrue to the special fund created in this Act, and to receive the utilize the services and assistance of experts: provided, that such donations, legacies, grant-in-aid and contributions shall be exempt from taxation and shall be allowable deductions for income tax purposes;
- (9) Avail of the personnel and office facilities of the CHED, Department of Education, TESDA, universities, colleges and schools in coordination with the proper officers for the efficient implementation of the provisions of this Act;
- (10) Issue rules and regulations necessary for the proper implementation of this Act; and

- (11) Exercise such other powers and reform such other functions and duties as will promote and expand scholarship grants-in-aid and educational opportunities for needy and deserving students to carry into effect the provisions of this Act.

#### SEC. 7. Management of SNPLP.

The management and supervision of SNPLP shall be the primary responsibility of CHED and TESDA, which must necessarily include the following specific functions:

- (1) Plan, implement, monitor annual work programs, evaluate, and submit annual reports in pursuance to the objectives of this Act;
- (2) Conduct investigation, receive documentary proof, and determine who are the eligible underprivileged students based on the provisions in this Act;
- (3) Maintain and regularly update every six (6) months, the list of the underprivileged students to avail of the loan assistance and the list of priority course to be offered;
- (4) Issue certificates which shall be valid anywhere in the country as proof of the eligibility of the underprivileged student to avail of the loan assistance;
- (5) Cancel the certificates issued based on the grounds under Section 12 hereof; and
- (6) Perform such other functions as may be reasonably necessary for the implementation of this Act.

#### SEC. 8. Loan Trust Fund.

The board shall establish a Loan Trust Fund for CHED and TESDA. Seventy percent (70%) of the funds allocated for CHED and TESDA annually through their various financial assistance programs shall go to the Loan Trust Fund of the SNPLP. Likewise, the amount derived from loan repayments of borrowers, which include payment for the principal and interests, shall accrue to the Loan Trust Fund.

Private corporations and individuals shall be allowed to invest in the Loan Trust Fund subject to applicable laws, rules and regulations.

#### SEC. 9. Entry Requirements.

An individual desiring to avail of the loan assistance provided in this Act must, at the time of application, possess the following qualifications:

- (1) He must be a Filipino Citizen;
- (2) He must not be more than 30 years of age;
- (3) He is currently enrolled or intends to enroll in any of the priority courses, to be determined by the CHED and TESDA;
- (4) If his highest educational level attained is secondary education, he must have passed the National Secondary Achievement Test (NSAT), with 75 percentile rank or above
- (5) If he has previously enrolled in any post-secondary course, he must have a weighted average of 2.5 or higher (or ), or its equivalent in any other grading system, in the immediately preceding semester;
- (6) The parents or guardians have gross annual income of not more than P180,000.00;
- (7) He must not enjoy any scholarship or study grant.

SEC. 10. Interest Rate and Loan Collection Scheme.

In the formulation of policies regarding the interest and loan repayment or collection scheme for SNPLP, the following principals must be observed:

- (a) Any loan granted shall be paid by the student-debtor after he has finished the course or profession for which the proceeds of the loan were expended, but only after a period of two (2) years from the time he has acquired an employment: Provided, that the government shall endeavor to give ample assistance to students under the program in obtaining possible employment;
- (b) Voluntary repayment of loans shall start anytime the loan borrower wants to pay;
- (c) Interest at the rate of not more than six percent (6%) per annum shall be applied to the loan or the balance thereof. The Board shall formulate a Loan Collection Scheme Table as guide of the deputized bank and all concerned agencies in computing interest rates;
- (d) The GSIS and SSS shall automatically deduct from the contribution of the members who are loan borrowers the repayments for SNPLP. The Board shall determine the amount to be withheld by GSIS and SSS members who are SNPLP loan borrowers: Provided, however, that the GSIS and SSS members who are SNPLP loan borrowers can opt to pay directly to any branch of the government bank deputized to received loan repayments;

- (e) The list of borrowers whose loan is due for payment shall be submitted by CHED and TESDA to the BIR for tracking purposes, to GSIS and SSS for automatic deduction and to NBI for clearance applications; and
- (f) A certificate signifying payment of the SNPLP loan must be secured by the loan borrower from a deputized bank with concurrence from CHED and TESDA before NBI issues clearance.

#### SEC. 11. Loanable Amount.

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

#### SEC. 12. Disqualifications.

The loan assistance extended to a student-grantee shall be forfeited in the event any of the following occurs:

- (1) The student-grantee fails majority of his academic subjects every semester for two (2) consecutive semesters, unless such is due to a valid cause beyond his control;
- (2) The student-grantee fails to finish his course within four (4) semesters from the semester he is expected to finish as fixed by the course curriculum, unless such is due to a valid cause beyond his control;
- (3) The student-grantee stopped schooling for two (2) semesters, unless such is due to a valid cause ; beyond his control; or
- (4) The student-grantee is convicted of any crime involving moral turpitude.

In cases stated in numbers (1) to (3), the valid cause referred to therein must be properly substantiated in accordance with the implementing rules and regulations.

#### SEC. 13. Implementing Rules and Regulations.

The CHED and TESDA shall, within sixty (60) days from the effectivity of this Act, issue such rules and regulations necessary for the proper implementation thereof.

#### SEC. 14. Appropriations.

The amount necessary to carry out the provisions of this Act shall be charged to the appropriations of CHED and TESDA. Thereafter, such sum as may be necessary for its continued implementation shall be included in the annual General Appropriations Act.

SEC. 15. Repealing Clause.

All laws, decrees, executive orders or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 16. Separability Clause.

If any provision of this Act is held invalid or unconstitutional, other provisions not affected shall continue to be in full force and effect.

SEC. 17. Effectivity.

This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,