

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

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 365

INTRODUCED BY HON. MARCELINO "MARCY" R. TEODORO

EXPLANATORY NOTE

Article XIV of the Philippine Constitution declares:

"Section 1. The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all.

Section 2. The State shall:

xxxxx

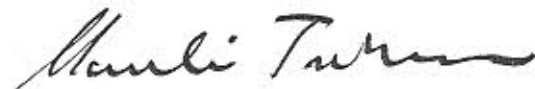
(2) Establish and maintain a system of free public education in the elementary and high school levels. Without limiting the natural right of parents to rear their children, elementary education is compulsory for all children of school age.

(3) Establish and maintain a system of scholarship grants, student loan programs, subsidies, and other incentives which shall be available to deserving students in both public and private schools, especially the underprivileged."

Despite, however, the different programs implemented and being implemented by the government, for a good number of Filipinos, post-secondary education remains an elusive dream. High cost of education has been hindering poor but talented students from pursuing a career, ultimately depriving our country a chance to follow our collective vision of economic progress and political stability.

This bill seeks to assist and support poor but deserving students wanting to pursue an inevitably expensive post-secondary education through the strengthening of the Study Now Pay Later Plan.

Therefore, approval of this bill is earnestly sought.



MARCELINO R. TEODORO
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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 Plan Act of 2010"**

SECTION 2. Statement of Policy – It is the declared policy of the State to protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all. Further, it is a declared State policy to establish and maintain a system of scholarship grants, student loan programs, subsidies, and other incentives which shall be available to deserving students in both public and private schools, especially to the underprivileged. For these reasons, the Study Now Pay Later Plan is hereby strengthened to provide for a more effective loan assistance program, and to institute a system for efficient loan collection.

SECTION 3. Definition of Terms.

(1) **"Study Now Pay Later Plan"** refers to the government educational scholarship program designed to promote democratization of access 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 the funds held in trust by CHED and TESDA for the operationalization of the Study Now Pay Later Plan (SNPLP).

(3) **"Loan Trust Fund Board"** refers to the governing body that shall formulate policies, standards, guidelines, and rules and regulations necessary for the operation, management, and supervision of the Loan Trust Fund and the SNPLP.

(4) **"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.

(5) **"Poor but deserving students"** refers to students qualified under this Act with parents/guardians having a gross annual income of not more than P180,000.00, and who have the ability to continue and finish a post-secondary education. Provided, that they are currently enrolled or intend to enroll in any of the priority courses subsequently identified and determined by CHED or TESDA, as the case may be.

SECTION 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.

SECTION 5. Composition of the Board. The Board shall be composed of the Chairman of the CHED which shall serve as the Chairman of the Board, Executive Director of 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 Social Insurance System; Social Security System; Senate Committee on Education, Arts and Culture, and; Committee on Higher and Technical Education of the House of Representatives.

SECTION 6. Powers and Functions. The Board shall have the following functions:

- (1) Create a unit within CHED and TESDA that shall manage the lending of loan to student borrowers in various post-secondary educational institutions (higher education institutions and vocational and technical education institutions) and be the repository of the data 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 loan repayment and deposit the amount to the Loan Trust Fund;
- (3) Institute a system within BIR that provides Tax Identification Number (TIN) to student loan borrowers and tracks their whereabouts; and
- (4) Institute a system within NBI to withhold clearance of applicants with unpaid loans from SNPLP

SECTION 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 of 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 underprivileged student to avail of the loan assistance and the list of priority courses 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; and
- (6) Perform such other functions as may be reasonably necessary for the implementation of this Act.

SECTION 8. Loan Trust Fund. The Board shall establish a Loan Trust Fund for CHED and TESDA. Seventy per cent (70%) of the funds allocated for CHED and TESDA annually to 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 go accrue to the Loan Trust Fund.

SECTION 9. Entry Requirements. Eligible students under this Act shall have the following entry requirements:

1. Filipino citizen;
2. Currently enrolled or intend to enroll in any of the priority courses to be determined by CHED or TESDA, as the case may be;
3. Not more than 30 years of age at the time the application for loan;
4. With 75 percentile rank or above in the National Secondary Achievement Test (NSAT);
5. Have a weighted average of 2.5 or higher in the last semester in college, if attended any;
6. With parents/guardians having a gross annual income of not more than P180,000.00; and
7. Not presently enjoying any scholarship or study grant.

SECTION 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 principles 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 from the contribution of members who are SNPLP loan borrowers. Provided, however, the GSIS and SSS members who are SNPLP loan borrowers can opt to pay directly to any branch of the government bank deputized to receive loan repayments.

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

SECTION 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.

SECTION 12. Limitation. The right of any qualified student to avail himself of the loan assistance under this Act shall not apply when:

- (1) He fails for one (1) school year in the majority of the academic subjects in which he has enrolled during the course of his study unless such failure is due to some valid cause beyond his control;
- (2) He fails to finish his course within four (4) semesters after the semester within which he should have graduated;
- (3) He stops schooling for one (1) school year unless such is due to some valid cause beyond his control; and
- (4) He is convicted of any crime.

SECTION 13. Implementing Rules and Regulations. The CHED, TESDA, and other agencies concerned shall, within sixty (60) days from the effectivity of this Act, issue such rules and regulations necessary for the proper implementation of the provisions hereof.

SECTION 14. Appropriations. For its initial implementation, the amount necessary to carry out the provisions of this Act shall be charged from the budget of concerned government agencies. Thereafter, such sum as may be necessary for its continued implementation shall be included in the annual General Appropriations Act.

SECTION 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.

SECTION 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.

SECTION 17. Effectivity. This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,