


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

7 JUL 20 11

SENATE

RECEIVED BY: 

S. No. 1889

Introduced by Senator Antonio "Sonny" F. Trillanes IV

EXPLANATORY NOTE

Quality education is a fundamental right to which the nation's citizenry is entitled to, as provided in the fundamental law, thus:

"EDUCATION"

"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."¹

It is also a fundamental requirement to develop productive and functional members of society. The ideals of social justice, economic prosperity and sustain peace, order, freedom and equality in our country could never be attained so long as majority of the population, the poor in particular, remain benighted under the darkness of ignorance.

To level the playing field between the haves and the have-nots, democratizing access to quality education to all Filipinos must be made a national policy. Opportunities to pursue higher education and relevant training in fields of study vital to the national economy, including the nation's collective national psyche, must be provided to every citizen who wish to avail thereof.

It is a known fact that countless capable and deserving students are prevented from pursuing higher studies due to their dire financial conditions. The government is trying to address this problem. But with the limited scope and coverage of existing state scholarship programs available to students, the results are far from encouraging. Strengthening the Commission on Higher Education's educational assistance program, better known as the "*Study-Now-Pay-Later Plan*", with substantial funding is perceived to be the key solution that would provide headway and revitalize the program. An enhanced assistance program that shall increase the prospects of poor but deserving students of acquiring quality education and training needed to uplift not only their own lot but that of their family and communities as well.

This bill is intended to fulfill the commitment and resolve of the State, as enshrined in the Constitution, to pursue the democratization of educational opportunities for every deserving citizen and promote social and economic development for every Filipino family.


¹ Article XIV, Section-1 of the 1987 Philippine Constitution.

In view of the foregoing considerations, passage of this bill is earnestly encouraged.


ANTONIO "SONNY" F. TRILLANES IV
Senator

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7 SEP 20 2011

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AN ACT
PROVIDING FOR A COMPREHENSIVE STUDY-NOW-PAY-LATER PLAN
AND APPROPRIATING FUNDS THEREFOR

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 “*Comprehensive*
2 *Study-Now-Pay-Later Program of 2007*”.

3 **SEC. 2. *Declaration of Policy.*** – It is the policy of the State to promote and
4 ensure quality education for all Filipino citizens. Towards this end, the State shall provide
5 mechanisms to facilitate access to higher education to all deserving Filipinos, recognizing
6 on the process the government’s responsibility to put education as a priority over among
7 its many programs.

8 **SEC. 3. *Definition of Terms.*** – For purposes of this Act, the following terms shall
9 mean:

- 10 1) “*Scholar*” refers to a qualified beneficiary who draws from the Study-Now-
11 Pay-Later Loan Fund to support his tertiary education;
- 12 2) “*Fund*” refers to the special fund which shall be used to finance the
13 Comprehensive Study-Now-Pay-Later Plan;

1 3) **“Authority”** refers to the Educational Loan Fund Authority which is
2 authorized by this Act to develop and implement the Comprehensive Study-
3 Now-Pay-Later Plan;

4 4) **“Board”** refers to the Educational Loan Fund Board which is the governing
5 body through which the Authority exercises its powers and functions, to
6 implement the provisions of this Act;

7 **SEC. 4. Study-Now-Pay-Later Loan Fund.** – There is hereby created a special
8 fund to be administered by the Educational Loan Fund Authority created under this Act.
9 Said funds shall be used to finance educational loans to cover matriculation, school fees
10 and other expenses needed for quality education.

11 **SEC. 5. Educational Loan Fund Authority.** – To carry out the aforementioned
12 policy, there is hereby created an Educational Loan Fund Authority under the
13 Commission on Higher Education (CHED) which shall be organized within sixty (60)
14 days after the approval of this Act.

15 **SEC. 6. Powers and Functions.** – The Authority shall have the following powers
16 and functions:

17 a) Establish, develop and implement a comprehensive program for the effective
18 disposition of the Study-Now-Pay-Later Loan funds for loans to qualified loan
19 applicants;

20 b) Develop a system of collecting payments of loans granted under this Act.

21 c) Issue rules and regulations necessary for the proper implementation of this
22 Act; and

23 d) Exercise such other functions and duties as will promote and expand
24 educational opportunities for needy and deserving Filipinos to carry into effect
25 the provision of this Act.

1 **SEC. 7. Educational Loan Fund Board.** – The powers of the Authority shall be
2 exercised and its functions and duties performed by the Educational Loan Fund Board
3 which shall be composed of the Secretary of Education as *ex-officio* Chairman, the
4 Chairman of the Commission on Higher Education (CHED) as *ex-officio* Vice Chairman
5 and the heads of the following government agencies or their representatives as *ex-officio*
6 members:

7 (a) Government Service Insurance System (GSIS);

8 (b) Social Security System (SSS);

9 (c) National Anti-Poverty Commission (NAPC)

10 The President of the Philippines shall appoint six (6) other members of the Board,
11 chosen from nominees of non-governmental organizations involved in education.

12 **SEC. 8. Term of Office.** – The members of the Board shall hold office until their
13 successors shall have been appointed or qualified.

14 **SEC. 9. Meetings.** – The Board shall hold regular meetings to be held every first
15 Monday of the month. The Chairman of the Board shall be the presiding officer. In the
16 absence of the Chairman, the vice Chairman of the Board shall automatically take over.
17 Minutes of all meetings shall be recorded and attested to by a simple majority of all
18 regular Board members.

19 At least one meeting per year shall be devoted to a review of the Study-Now-Pay-
20 Later Loan Fund's performance in terms of the following:

- 21 i) Total number of current beneficiaries;
- 22 ii) Number of dropouts, voluntary or revoked;
- 23 iii) Average academic performance by year of study;
- 24 iv) Breakdown of scholars by field of study;
- 25 v) Breakdown of scholars by region of origin;
- 26 vi) Breakdown of scholars by place of study; and

1 vii) Breakdown of scholars by size of annual family income and family
2 livelihood.

3 **SEC. 10. Quorum.** – All meetings shall only be convened with a quorum of
4 simple majority of the regular Board members. All meetings convened without the said
5 quorum shall be deemed null and void.

6 **SEC. 11. Executive Director.** – There shall be an Executive Director who shall be
7 appointed by the Board and shall have the rank of a bureau director and shall hold office
8 until replaced by the Board.

9 The Executive Director shall have at least seven (7) years experience in school or
10 educational administration and a holder of at least a Master’s degree conferred by a
11 reputable educational institution.

12 **SEC. 12. Secretariat.** – The Board shall create a Secretariat which shall be
13 headed by the Executive Director to carry out the functions of the Board. The Board shall
14 likewise provide for the qualifications and compensation of employees in the Secretariat
15 in accordance with the existing Civil Service rules and regulations.

16 The Secretariat shall exercise the following functions:

- 17 a) Recommend the approval of educational loan applications by the Board;
18 b) Review, evaluate and assess programs, plans of action and agenda of the
19 Board;
20 c) Review, evaluate and assess the academic standing loan borrowers;
21 d) Recommend the cancellation or revocation of loans; and
22 e) Perform such other powers and functions as may be determined by the Board.

23 **SEC. 13. Qualifications of Applicants.** – Any Filipino citizen who graduates
24 from a duly recognized high school, and passes the college university entrance
25 examination where he or she intends to enroll on is qualified to avail of the benefits of the

1 Educational Loan Fund. The applicant must not presently be enjoying any scholarship or
2 study grant.

3 **SEC. 14. *Terms of Loan.*** – The loan available to a beneficiary of the Student
4 Loan Fund shall be subject to the following terms and conditions:

5 a. Coverage – Loans shall be available only for undergraduate degree courses.
6 This program shall not cover post graduate courses.

7 b. Loan Amount – The maximum annual loan amount shall be equivalent to the
8 prevailing cost per academic unit at the University of the Philippines
9 multiplied by fifty (50) academic units. Said loan shall be payable directly to
10 the concerned school.

11 c. Interest – All loans granted shall have an interest rate of not more than 10
12 percent but not less than 5 percent as determined by the Board.

13 **SEC. 15. *Repayments.*** – The payment for loans shall start five (5) years after the
14 loan grantee graduates from the course he or she took: *Provided*, That payments for
15 educational loans must be paid in five (5) equal annual amortizations from the date the
16 first loan payment becomes due. The heads of the GSIS, the SSS and the POEA are
17 hereby directed to closely coordinate with the Board to determine the occupational status
18 of borrowers for purposes of loan repayments to the fund.

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

23 **SEC. 17. *Appropriation.*** – There is hereby appropriated the sum of Five Billion
24 Pesos (P5,000,000,000.00) out funds in the National Treasury not otherwise appropriated
25 to be used to finance the Comprehensive Study-Now-Pay-Later Program. Ten Million
26 Pesos (P10,000,000.00) of said appropriation shall be used initially for the operating

1 expenses of the program, the rest shall form part of the Study-Now-Pay-Later Loan
2 Funds.

3 Thereafter, the amount necessary to carry out the provisions of this Act shall be
4 included in the annual General Appropriations Act.

5
6 **SEC. 18. *Separability Clause.*** – If for any reason any provision of this Act is
7 declared unconstitutional or invalid, parts or provisions of this Act which are not affected
8 shall continue to be in full force and effect.

9 **SEC. 19. *Repealing Clause.*** - All laws, executive orders, presidential decrees,
10 implementing rules and regulations inconsistent with this Act are hereby repealed or
11 modified accordingly.

12
13 **SEC. 20. *Effectivity Clause.*** – This Act shall take effect after fifteen (15) days
14 after its publication in two (2) newspapers of general circulations.

Approved,