

SENATE

S. No. 334

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"

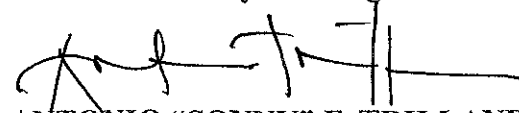
It is also a fundamental requirement to develop productive and functional members of society. The ideals of social justice, economic prosperity and sustain peace, order, freedom and equality in our country could never be attained so long as majority of the population, the poor in particular, remain benighted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

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


ANTONIO "SONNY" F. TRILLANES IV
Senator

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

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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 Study-Now-*
2 *Pay-Later Program of 2010*".

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

8
9 **SEC. 3. Definition of Term.** - For purposes of this Act, the following terms shall
10 mean:

- 11 1) "**Scholar**" refers to a qualified beneficiary who draws from the Study-Now-Pay-Later Loan
12 Fund to support his tertiary education;
- 13 2) "**Fund**" refers to the special fund which shall be used to finance the Comprehensive Study-
14 Now-Pay-Later Plan;
- 15 3) "**Authority**" refers to the Educational Loan Fund Authority which is authorized by this Act to
16 develop and implement the Comprehensive Study-Now-Pay-Later Plan;
- 17 4) "**Board**" refers to the Educational Loan Fund Board which is the governing body through
18 which the Authority exercises its powers and functions, to implement the provisions of this Act;

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

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

9
10 **SEC. 6. Powers and Functions:** - The Authority shall have the following powers and
11 functions:

- 12 a) Establish, develop and implement a comprehensive program for the effective disposition of
13 the Study-Now-Pay-Later Loan funds for loans to qualified loan applicants;
14 b) Develop a system of collecting payments of loans granted under this Act.
15 c) Issue rules and regulations necessary for the proper implementation of this Act; and
16 d) Exercise such other functions and duties as will promote and expand educational opportunities
17 for needy and deserving Filipinos to carry into effect the provision of this Act.

18
19 **SEC. 7. Educational Loan Fund Board** - The powers of the Authority shall be exercised
20 and its functions and duties performed by the Educational Loan Fund Board which shall be
21 composed of the Secretary of Education as *ex-officio* Chairman, the Chairman of the
22 Commission on Higher Education (CHED) as *ex-officio* Vice Chairman and the heads of the
23 following government agencies or their representatives as *ex-officio* members:

- 24 (a) Government Service Insurance System (GSIS);
25 (b) Social Security System (SSS);
26 (c) National Anti-Poverty Commission (NAPC)

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

1 **SEC. 8. *Term of Office*** - The members of the Board shall hold office until their
2 successors shall have been appointed or qualified.

3
4 **SEC. 9. *Meetings***. - The Board shall hold regular meetings to be held every first Monday
5 of the month. The Chairman of the Board shall be the presiding officer. In the absence of the
6 Chairman, the vice Chairman of the Board shall automatically take over. Minutes of all meetings
7 shall be recorded and attested to by a simple majority of all regular Board members.

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

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

18 **SEC. 10. *Quorum***. - All meetings shall only be convened with a quorum of simple
19 majority of the regular Board members. All meetings convened without the said quorum shall be
20 deemed null and void.

21
22 **SEC. 11. *Executive Director***. - There shall be an Executive Director who shall be
23 appointed by the Board and shall have the rank of a bureau director and shall hold office until
24 replaced by the Board.

25 The Executive Director shall have at least seven (7) years experience in school or
26 educational administration and a holder of at least a Master's degree conferred by a reputable
27 educational institution.

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

5 The Secretariat shall exercise the following functions:

- 6 a) Recommend the approval of educational loan applications by the Board;
- 7 b) Review, evaluate and assess programs, plans of action and agenda of the Board;
- 8 c) Review, evaluate and assess the academic standing loan borrowers;
- 9 d) Recommend the cancellation or revocation of loans; and
- 10 e) Perform such other powers and functions as may be determined by the Board.

11 **SEC. 13. Qualifications of Applicants.** - Any Filipino citizen who graduates from a duly
12 recognized high school, and passes the college university entrance examination where he or she
13 intends to enroll on is qualified to avail of the benefits of the Educational Loan Fund. The
14 applicant must not presently be enjoying any scholarship or study grant.

15

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

- 18 a. Coverage - Loans shall be available only for undergraduate degree courses. This
19 program shall not cover post graduate courses.
- 20 b. Loan Amount - The maximum annual loan amount shall be equivalent to the prevailing
21 cost per academic unit at the University of the Philippines multiplied by fifty (50)
22 academic units. Said loan shall be payable directly to the concerned school.
- 23 c. Interest - All loans granted shall have an interest rate of not more than 10 percent but
24 not less than 5 percent as determined by the Board.

25

26 **SEC. 15. Repayments.** - The payment for loans shall start five (5) years after the loan
27 grantee graduates from the course he or she took: *Provided, That,* payments for educational loans
28 must be paid in five(5)equal annual amortizations from the date the first loan payment becomes

1 due. The heads of the GSIS, the SSS and the POEA are hereby directed to closely coordinate
2 with the Board to determine the occupational status of borrowers for purposes of loan
3 repayments to the fund.

4

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

8

9 **SEC. 17. *Appropriation.*** - There is hereby appropriated the sum of Five Billion Pesos
10 (P5,000,000,000.00) out funds in the National Treasury not otherwise appropriated to be used to
11 finance the Comprehensive Study-Now-Pay-Later Program. Ten Million Pesos (P10,000,000.00)
12 of said appropriation shall be used initially for the operating expenses of the program, the rest
13 shall form part of the Study-Now: Pay-Later Loan Funds.

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

16

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

20

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

24

25 **SEC. 20. *Effectivity Clause*** - This Act shall take effect after fifteen (15) days after its
26 publication in two (2) newspapers of general circulations.

Approved,