

HOUSE OF REPRESENTATIVES

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

*Seventeenth Congress*  
*First Regular Session*

House Bill No. **1195**

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Introduced by Honorable Roy M. Loyola

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#### EXPLANATORY NOTE

At present, there could be no denying the fact that capable and deserving students are prevented from pursuing post-secondary education due to their dire financial situation. It is true that the State is desperately trying to address the situation, but with limited scope and coverage of existing state scholarships and grants, the results have lots to be desired from. While included in the term "financial aid", higher education loans differ from scholarships and grants in the sense that the former must be paid back by the student. Therefore, in view of the limited funds available for the State to support its program of educational grants, scholarships and dole-outs, it is apparent that educational loan is the more viable solution to the problem.

The first legislation on student loans was approved as early as 1969, when the Student Loan Fund Authority was set up under the then Department of Education and Culture. However, it failed to live up to expectations and was eventually abolished in 1976.

On 13 May 1976, a "Study Now Pay Later Plan" (SNPL) was instituted by Presidential Decree No. 932. Thereafter, it was succeeded by Republic Act No. 6728 otherwise known as "Government Assistance to Students and Teachers in Private Education Act", as amended by Republic Act No. 8545, otherwise known as "The Expanded Government Assistance to Students and Teachers in Private Education Act."

Sadly, these old SNPL programs of the State were marred with serious flaws, namely, negligible loan amounts, low coverage, very limited slots and low repayment rates.

This bill was originally filed during the first regular session of the Fifteenth Congress. It seeks to address the shortcomings of the old SNPL Plan by rationalizing its provisions. Initially, within five (5) years from its approval, the coverage is made limited to cover only those enrolled or intending to enroll

in technical vocational education and training certified by TESDA as priority. Thereafter, it will be made to apply to all technical vocational education and training and to all degree courses. The loanable amounts, so as to make an impact, will be increased to an amount not less than seventy-five percent (75%) of the student-borrower's tuition. An efficient system of collection is also enjoined. The Government Security Insurance Service (GSIS) and the Social Security System (SSS) are mandated to act as collection agents for the CHED and TESDA. For this purpose, the GSIS and SSS are given the power to assess students-borrowers of their monthly loan repayment amortizations and the concerned employers are given the authority to automatically withhold and deduct said loan repayments from the salaries of student-borrowers.

Through a dynamic, efficient and effective student loan program wherein qualified students will be able to finance their tertiary education through a loan from the State and pay their indebtedness at a later date when they are in a position to do so, that is, when they already have jobs, the State could finally comply with its elusive Constitutional mandate of protecting and promoting the right of all its citizens to quality education.

In light of the foregoing, I earnestly urge my esteemed colleagues in the House of Representatives to join me in seeking immediate approval of this Bill.



ROY M. LOYOLA

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**HOUSE OF REPRESENTATIVES**  
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**AN ACT INSTITUTING A COMPREHENSIVE STUDENT LOAN PROGRAM  
FOR ALL POST-SECONDARY EDUCATION ON A "STUDY NOW  
PAYE LATER" SCHEME 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  
2           **"Study Now Pay Later Act of 2016".**

3           **SECTION 2. DECLARATION OF POLICIES AND**  
4           **OBJECTIVES.** - The State is mandated by the Constitution to protect  
5           and promote the right of all its citizens to quality education at all levels,  
6           make such education accessible to all, and maintain a system of  
7           scholarship grants, student loan programs, subsidies and other  
8           incentives. In view of the limited funds available for scholarship grants,  
9           scholarships and dole outs, the State turn to a comprehensive loan  
10          program as a more viable solution to providing its citizen with equal  
11          opportunity to higher education. While it is true that "Study Now Pay  
12          Later" programs have been implemented by the State in the past, the  
13          same proved to be ineffective, inefficient and unsuccessful in fulfilling its  
14          purpose. Thus, the need to rationalize, to make it more adaptable to the  
15          present situation, be increasing its coverage, instituting a more efficient

1 loan collection system and simplify its operation.

2 **SECTION 3. DEFINITION OF TERMS.** - For purposes of this  
3 Act, the following terms shall mean:

4 1) **Study Now Pay Later Program (SNPLP)** refers to the  
5 loan facility established by the government but deserving  
6 student-borrowers enrolled in or intending to enroll in any  
7 post-secondary education.

8 2) **Student-borrower** refers to a person enrolled in or intends  
9 to enroll in post-secondary education who qualifies to draw  
10 from the SNPLP established in this Act to support his/her  
11 post-education.

12 3) **Post-secondary Education** refers to any education,  
13 training and/or instruction from any institution duly  
14 recognized and/or accredited by the Commission on  
15 Higher Education (CHED) and Technical Education and  
16 Skills Development Authority (TESDA), the completion of  
17 which are attested by a diploma or certificate issued by or  
18 with the permission and authority of CHED or TESDA,  
19 respectively.

20 4) **Degree Course** refers to formal education offered by  
21 institutions of higher learning recognized by CHED.

22 5) **Technical Vocational Education and Training** refers to  
23 non-degree vocational and technical short courses offered  
24 by TESDA or offered by similar institutions accredited and/  
25 or recognized by TESDA.

1                   **SECTION 4. ADMINISTRATION OF THE STUDY NOW PAY**  
2 **LATER PROGRAM. -** CHED shall have administrative control and  
3 supervision over loans granted to student-borrowers enrolled in degree  
4 courses. TESDA shall have administrative control and supervision over  
5 loans granted to student-borrowers enrolled in technical vocational  
6 education and training. To accomplish the foregoing task, CHED and  
7 TESDA are hereby granted the following powers and functions:

- 8           a) Formulate policies, standards and guidelines necessary for  
9           the implementation of this Act;  
10          b) Develop an efficient system of disbursement and collection  
11          of payments of loans granted under this Act, including but  
12          not limited to entering into agreements with the  
13          Government Service Insurance System (GSIS), Social  
14          Security System (SSS), private and public banks and  
15          banking intermediaries, and other government financial  
16          institutions;  
17          c) Issue rules and regulations necessary to carry-out the  
18          provisions of this Act;  
19          d) Exercise such other powers and functions reasonably  
20          necessary for the proper implementation of this Act.

21                   **SECTION 5. QUALIFICATION OF STUDENT-BORROWERS. -**  
22           Any Filipino citizen who possesses the qualifications herein  
23           provided are eligible to draw a loan under the SNPLP:

- 24           1. Not more than thirty (30) years old at the time of  
25           application for the loan;  
26           2. Must be enrolled in or must have complied with all the  
27           enrollment and admission requirements of the college or  
28           university he/she intends to enroll in;

- 1           3.     Must have a rating of 75% or above in the National
- 2                     Secondary Achievement Test (NSAT) or other equivalent
- 3                     tests;
- 4           4.     The parents or guardians have a gross income of not
- 5                     more than One hundred Eighty Thousand Pesos
- 6                     (P 180,000.00);
- 7           5.     Must not be enjoying any other scholarships or study
- 8                     grant;
- 9           6.     Must not have been convicted of any crime involving moral
- 10                    turpitude;
- 11           7.     If the student-borrower is availing of a student loan for the
- 12                    second time or oftener, he must sufficiently show that
- 13                    he/she passed all his subjects and have a weighted
- 14                    average of 2.5 or higher, or its equivalent, in the semester
- 15                    immediately preceding his/her loan application; and
- 16           8.     Must have attended the orientation program called for the
- 17                    purpose.

18           **SECTION 6. COVERAGE.** -     Within five (5) years from  
19                    effectivity of this Act, loans granted to student-borrower shall be limited  
20                    to technical vocational education and training declared by TESDA as  
21                    priority. Thereafter, loans granted to student-borrowers shall be made  
22                    available to all technical and vocational education and trainings, and to  
23                    all degree courses in all institutions of higher learning. This Act shall not  
24                    cover post-graduate courses.

25           **SECTION 7. AMOUNT OF LOAN.** -     CHED and TESDA  
26                    shall determine the maximum amount a student-borrower can avail  
27                    under this Act, which may cover tuition fees, and other educational  
28                    expenses such as, but not limited to books, subsistence, board and

1 lodging. Provided, loans for tuition fees shall in no case fall below  
2 seventy-five percent (75%). Provided further, loans granted for payment  
3 of tuition fees shall be directly payable to the school concerned.

4 **SECTION 8. TERMS, INTEREST RATES, REPAYMENT AND**  
5 **OTHERS.** - CHED and TESDA shall determine the interest rate, terms  
6 of payment and other conditions of payment of the loans under their  
7 respective control and supervision, subject to the following:

- 8 1) Voluntary repayments may start anytime the student-  
9 borrower wants to pay;
- 10 2) Interest rate shall in no case be more than six percent (6%)  
11 per annum;
- 12 3) Loan repayments shall commence not earlier than two (2)  
13 years after the student-borrower graduates from the course  
14 he/she took and is able to land a job;
- 15 4) Loans granted to student-borrowers shall be payable in  
16 one hundred twenty (120) equal monthly installments or  
17 ten (10) years. Provided, loan amortizations shall in no  
18 case be more than thirty percent (30%) of the student-  
19 borrower's monthly salary. Provided further, CHED and  
20 TESDA are hereby authorized to extend the term in case  
21 the monthly salary of the student-borrower is inadequate to  
22 pay his loan within the ten (10) year period taking into  
23 consideration the thirty percent (30%) monthly amortization  
24 cap. Provided finally, the student-borrower shall not be  
25 made to pay monthly amortizations while he/she is  
26 unemployed;
- 27 5) For purposes of this Act, CHED and TESDA shall enter  
28 into an agreement with the SSS and GSIS for it to act as



1 collection agent. The employer of the student-borrower is  
2 hereby authorized to automatically deduct such  
3 installments due from the student-borrower's salary and  
4 remit the same to the respective accounts of GSIS or SSS;  
5 6) To ensure continued viability of this SNPLP, CHED and  
6 TESDA through the program's Implementing Rules and  
7 Regulations to be issued subsequent hereto, and through  
8 stipulations in the Student Loan Agreement may require  
9 the student-borrower not to depart from the Philippines and  
10 work abroad until his/her loan has been fully settled. The  
11 student-borrower shall be required to submit an  
12 undertaking of such fact as a requirement for the release of  
13 the student loan. Provided, the foregoing notwithstanding,  
14 should the student-borrower still desire to work abroad,  
15 he/she shall then be required to fully settle his/her  
16 outstanding obligations for loans granted in this Act;  
17 7) The Department of Labor is hereby mandated to adopt pro-  
18 active, policies, plans and programs to assist the student-  
19 borrower to find employment from within the Philippines.

20 **SECTION 9. IMPLEMENTING RULES AND REGULATIONS. -**  
21 CHED and TESDA respectively, shall within six (6) months from  
22 effectivity of this Act issue the necessary rules and regulations to carry  
23 out the provisions hereof.

24 **SECTION 10. APPROPRIATIONS. -** The Amount of One  
25 Billion Pesos (PhP 1,000,000,000.00) out of funds in the National  
26 Treasury not otherwise earmarked for any other purpose are hereby  
27 appropriated to carry out the provisions of this Act. Thereafter, such  
28 sum necessary for its continued operation shall be included in the  
29 annual General Appropriations Act.



1           **SECTION 11. SEPARABILITY CLAUSE.** - If any provision  
2 of this Act is held invalid or unconstitutional, other provisions not affected  
3 thereby shall continue to be in full force and effect.

4           **SECTION 12. REPEALING CLAUSE.** - All laws, decrees,  
5 and/or executive orders inconsistent with this Act are hereby repealed  
6 and/or modified accordingly.

7           **SECTION 13. EFFECTIVITY.** - This Act shall take effect fifteen  
8 (15) days after its publication in at least two (2) newspapers of general  
9 circulation.

***Approved,***