

Republika ng Pilipinas
(Republic of the Philippines)
MINISTRI NG EDUKASYON AT KULTURA
(MINISTRY OF EDUCATION AND CULTURE)
Maynila

February 20, 1980

MEC O R D E R
No. 7, s. 1980

ECONOMY MEASURES IN GOVERNMENT

To: Bureau Directors
Cultural Agency Directors
Regional Directors
Chiefs of Services and Heads of Units
Schools Superintendents
Presidents, State Colleges and Universities
Chairmen, Local School Boards

1. Owing to the present world oil situation, the President has issued Letter of Instructions No. 981 on the subject "Directing the Implementation of Economy Measures in Government, for Purposes of Generating Contingency Reserves." Inclosed is a copy of the LOI for immediate implementation.

2. In this connection, attention is particularly invited to the mandatory measures and the general requirements/policies, all of which should be rigidly observed. With respect to the provision suspending the purchase of supplementary readers, reference books and garden tools, please note that this applies both to national funds and to local school board funds. Chairmen of local school boards are directed to see to it that school board budgets prepared and submitted for approval of this Office, as well as expenditures of funds pursuant to approved budgets, shall conform strictly with the provisions of LOI 931.

3. Immediate dissemination of the contents of this Order is enjoined.

(SGD.) ONOFRE D. CORPUZ
Minister of Education and Culture

Incl.:

As stated

Reference:

Office Order dated February 6, 1980

Allotment: 1-2-3--(D.O. 1-76)

To be indicated in the Perpetual Index under the following subjects:

BOOKS	LEGISLATION
EQUIPMENT	PURCHASE
FUNDS	RULES & REGULATIONS

MALACAÑANG
Manila

LETTER OF INSTRUCTIONS NO. 981

DIRECTING THE IMPLEMENTATION OF ECONOMY MEASURES IN
GOVERNMENT, FOR PURPOSES OF GENERATING CONTINGENCY
RESERVES

TO : All Heads of national government, Ministry, Bureau,
office or Agency, including state Universities
and Colleges

All Heads of Government Owned or Controlled
Corporations

All Heads of Local Government Units, including Local
School Boards

The Chairman, Commission on Audit

Whereas, the international energy crisis and uncertainties
abroad require government to engage in contingency planning;

Whereas, it is necessary for government to accumulate
budgetary reserves in order to allow it to anticipate the funding
requirements of any contingencies;

Whereas, budgetary reserves of ₱1.6 billion have already
been imposed on agency programs of expenditure for CY 1980, an
amount that needs to be further increased;

NOW, THEREFORE, I, FERDINAND E. MARCOS, do hereby Order
and Instruct the following economy measures in government as
a means of building contingency reserves:

1.0 Voluntary Measures

1.1 All agencies of government are enjoined to adopt
internal economy measures so as to ensure maximum service with
limited government resources. They shall pay particular
attention to eliminating red tape in government operation and
other improvements in systems and procedures, economy in the
utilization of supplies and material, voluntary restraint on
foreign and domestic travel, and generally on the elimination
of unnecessary expenditures.

1.2 Agencies shall review their respective budget programs
and shall identify such activities as may be postponed or
eliminated for the purpose of identifying and offering additional
savings of no less than ten (10) per cent of current operating

expenditures and capital outlays, in addition to reserves earlier imposed. The guidelines issued under LOI No. 828 dated March 14, 1979 are hereby reissued and reiterated.

2.0 Mandatory Measures

The following measures are hereby directed for implementation for agencies who fail to identify/generate the ten (10) per cent savings mentioned in item no. 1.2 hereof:

2.1 New position items for administrative/clerical positions created for CY 1980 shall not be filled, except for hospitals:

2.2 Casuals, temporary and emergency personnel, including consultants and contractual personnel, shall not be fired without the prior approval of a Personnel Effectiveness Review Committee consisting of the Chairman of the Civil Service Commission and the Minister of the Budget;

2.3 The Minister of the Budget shall withhold/withdraw salary savings of agencies and shall add these to budgetary reserves. Actual personnel services costs shall be determined (net of salary lapses and savings due to vacant positions) and withheld/withdrawn accordingly;

2.4 No substitutionary appointments shall be issued to fill temporary vacancies that arise for periods of less than three months.

2.5 Government funds may not be spent for attendance in conventions, seminars, workshops and other similar activities conducted by private groups. Attendance of government officials and staff may be authorized to no expense other than the salary of the persons concerned, the payment of fees, per diems and transportation expenses being prohibited;

2.6 The purchase of equipment shall be suspended, except for urgently needed items that shall not aggregate twenty five thousand pesos per agency and except for library and museum specimens;

3.0 General Requirements/Policies

3.1 The organization and staffing of new organizational units is hereby suspended, except as may be authorized in accordance with the recommendations of the Ad Hoc Committee on Organizational Units created under LOI No. 728;

3.2 The creation of new Inter-Agency Committees with additional compensation to members and/or technical or support staff is hereby prohibited. Existing Committees shall be abolished in accordance with the recommendations of the Committee created under LOI No. 720;

3.3 The Commission on Audit shall enforce Executive Order No. 228 and revert to the general fund, unsubstantiated Accounts Payable recorded in agency books and Accounts Payable remaining unpaid after two (2) years from the date of obligations

3.4 The purchase of motor vehicles is banned, except when funded from proceeds of sale of old vehicles and subject to the provisions of LOImp No. 29;

3.5 The Ministry of the Budget shall conduct a review of the so-called peso counterpart requirements of foreign assisted projects, with the aim of reducing such peso counterpart to no more than the actual drawdowns on foreign loan/grant proceeds;

3.6 The Presidential Executive Assistant shall review government commitments in support of international conferences scheduled to be held in the Philippines, with the intention of reducing to a minimum government subsidies to same;

3.7 The Cabinet Standing Committee and the NEDA shall reassess the infrastructure program and shall identify those that can be scaled down or postponed in the light of new priorities. This review shall extend to foreign assisted projects;

3.8 The purchase of supplementary readers, reference books and garden tools is hereby suspended. This suspension order shall apply to national funds and to local school board funds, except as may be otherwise approved under LOImp No. 29;

3.9 The acquisition of land sites shall be postponed and shall be subject to approval on a case to case basis by the Cabinet Standing Committee;

3.10 All Specials Funds, Revolving Funds, Special Accounts in the General Fund, and receipts recorded as Trust Liability are hereby abolished as of March 31, 1980. Balances in such funds shall be reverted to the General Fund and all income received from the said date shall be recorded as income of the General Fund. The only exceptions shall be those receipts enumerated in P.D. No. 1254, those recognized in B. P. No. 40, and those that may be authorized to continue by the Committee created by Sec. 51 of P.D. No. 1177.

3.11 All profit-making government owned or controlled corporations shall declare dividends, in compliance with the provisions of Sec. 17 of Executive Order No. 518.

3.12 Any engineering overhead charged on infrastructure projects by the MPW, MPH and MTC shall be recorded as income of the General Fund. Overhead costs shall be supported by the regular budget program of these agencies.

3.13 All live-in training programs sponsored by government agencies for the benefit of their personnel or or personnel of other agencies are hereby suspended, with the exception of Phase I of the Career Executive Service Course offered by the Development Academy of the Philippines and other programs approved by the Chairman of the Civil Service Commission and the Minister of the Budget.

Done in the City of Manila, this 4th day of February, in the year of Our Lord, nineteen hundred and eight.

(SGD) FERDINAND E. MARCOS
President of the Philippines