

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

June 23, 1980

MEC O R D E R  
No. 26, s. 1980

DIRECTING THE ACCELERATION OF MANUFACTURING  
OPERATIONS OF NATIONAL SCHOOLS

To: Bureau Directors  
Regional Directors  
Schools Superintendents  
Presidents, State Colleges and Universities  
Vocational School Administrators and Principals

1. In accordance with LOI No. 1026, dated May 23, 1980, copy inclosed, all national vocational schools and state colleges and universities shall undertake productive projects supportive of the instructional program particularly school desks, furniture, tools/equipment, farm and fishery products and certain other items needed by public and private schools and agencies.

2. The national productivity program under LOI No. 1026 establishes the Revolving Fund concept wherein income derived from the sales of commodities in pursuance of the productivity program will form part of the Revolving Fund and all expenses incurred therein shall be charged against the fund. Income earned as interest on bank deposits as well as the net income accruing from the manufacturing and production operations of the school shall accrue to the Revolving Fund which may also be used to support the regular vocational education program of the school.

3. No amount in the Revolving Fund may be used to pay honorarium or other form of compensation to personnel outside of the school, audit personnel, or school officials who do not have any direct involvement in the production activities.

4. The regular operating and maintenance fund of the school may be utilized to cover expenditures for the first year of operations of the production activity. Advances from customers may be utilized to start the operations of the Revolving Fund. No expenditures including raw materials and personnel services intended for the production activity authorized under LOI 1026 shall be charged to the General Fund of the school, except during the first year of operation.

5. The income shall be recorded and the expenditures paid directly from a bank account which shall be opened with an authorized government depository bank. Deposits and withdrawals may be on joint signatures of the school head or his representative and of the Commission on Audit.

6. Cognizant of the role of vocational technical schools in the productivity program under LOI No. 1026, it is imperative that all schools involved should undertake, after a careful and thorough study, such productive projects which are feasible, viable, profitable and contributory to the creation of income-earning opportunities in the rural areas and thereby raise the level of income of these vocational technical schools.

7. Products produced under this program shall not be sold to private parties at prices less than that charged to government agencies. In no case may products be sold to anyone at prices less than the cost of raw materials and supplies, payments for labor and honoraria, estimated cost for the depreciation of equipment and overhead charges.

8. Henceforth, it is desired, that schools superintendents and heads of offices under the Ministry of Education and Culture place their orders for desks, furniture, tools, equipment, ~~farm~~ and fishery products needed in their respective agencies directly with the vocational technical schools nearest their school or office.

9. In order to meet the requirements of schools and end-users, it is desired that vocational technical schools identified as production centers initiate quality control in the production of articles offered for sale and that prices for these commodities be competitive in the local or open market.

10. It is desired that this Order be given wide dissemination in the field.

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

Encl. 1  
As stated

References:

MEC Memorandums: Nos. 310, s. 1978 and 127, s. 1980

Attachments: 1-2-3-4 (D.O. 1-76)

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

BUREAUS - OFFICES  
PROJECTS  
PURCHASES  
SCHOOLS

VOCATIONAL EDUCATION  
UNIVERSITIES and COLLEGES

OFFICE OF THE PRESIDENT  
Malacañang, Manila

LETTER OF INSTRUCTIONS NO. 1026

To: The Minister of Education and Culture  
The Minister of the Budget  
The Chairman, Commission on Audit

DIRECTING THE ACCELERATION OF MANUFACTURING  
OPERATIONS OF NATIONAL SCHOOLS

WHEREAS, national vocational schools and state universities and colleges have existing resources, in their faculty members, students and equipment, which can be marshalled for national productivity;

WHEREAS, the government and private sectors can purchase much of their requirements for school desks and certain other items from national vocational schools;

WHEREAS, it is necessary to improve the existing funding and budgetary mechanism to encourage vocational schools to enter into added productive activity;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, do hereby order and instruct:

1. National vocational schools and state universities and colleges may retain in a Revolving Fund, income earned from the sale of school desks, furniture and other items fabricated using school facilities;
2. These receipts shall be spent on the cost of raw materials to fabricate the items manufactured and sold, honoraria for the teachers, students, and other personnel doing the manufacturing work, wages of casuals employed, supplies and other related costs.
3. The income may be recorded and the expenditures paid directly from a bank account which may be opened with an authorized government depository bank. Deposits may be made and withdrawals made on joint signatures of a representative of the school head and of the Commission on Audit, without need for the usual Cash Disbursement Ceilings issued by the Ministry of the Budget. Transactions in the Revolving Fund, both receipts and expenditures, shall be recorded in the books of government, following such rules and regulations as may be issued by the Commission on Audit. Quarterly reports on such transactions shall be submitted to the Ministry of the Budget through its Regional Offices. The Minister of the Budget shall have the authority to suspend or cancel the Revolving Fund arrangement and to order the closure of the bank account of any school which violates this Letter or which fails, to submit the required quarterly reports.

4. Any interest income earned from bank deposits as well as any net income accruing from the manufacturing operations of the school shall accrue to the Revolving Fund, which may also be used to support the regular academic programs of the school.

5. No amount in the Revolving Fund may be used to pay honorarium or other form of compensation to personnel outside of the school, audit personnel, or school officials who do not have any direct involvement in the production activities.

6. The rates of honorarium and compensation to teachers, students and other personnel shall be subject to the approval of the Minister of the Budget.

7. The regular operating and maintenance fund of the school may be utilized to cover expenditures for the first year of operations of its manufacturing activity. Advances from customers may likewise be utilized for purposes of starting the operations of the Revolving Fund. No expenditures, including raw materials and personal services, intended for the productive activity authorized under this Letter shall be charged to the General Fund of the school except during the first year.

8. The purchase of motor vehicles and equipment out of Revolving Fund income shall continue to be subject to the approval mechanism established by LOI No. 29.

9. The Commission on Audit and the Ministry of Education and Culture shall adopt such measures as may be necessary to prevent the use of school facilities for private undertakings. Products shall not be sold to private parties at prices less than that charged to government agencies. In no case may products be sold to anyone at prices less than the cost of raw materials and supplies, payments for labor and honoraria, estimated cost for the depreciation of equipment and overhead charges.

10. The Minister of the Budget shall formulate and issue the rules and regulations needed to implement this Letter.

Done in the City of Manila, this 23rd day of May in the year of Our Lord, nineteen hundred and eighty.

(SGD.) FERDINAND E. MARCOS  
President

A true copy