



Tanggapan ng Kalihim
Office of the Secretary

NOV 24 2004

DepED ORDER
No. 61 s. 2004

**ADOPTION OF AUSTERITY MEASURES PURSUANT
TO ADMINISTRATIVE ORDER NO. 103**

To : Undersecretaries
Assistant Secretaries
Regional Directors
Bureau/Service/Center Directors
Schools Division/City Superintendents

1. For the information and guidance of all concerned, attached is a copy of Administrative Order No. 103 dated August 31, 2004 from the Office of the President entitled "Directing the Continued Adoption of Austerity Measures in the Government".
2. In pursuance thereof and as part of the Department's prudent fiscal management, heads of offices, officials and employees in DepED shall be guided by the following principles as the basis for making local decisions in compliance with the said order:
 - 2.1 Austerity measures shall be levied principally on the general overheads related to the administration of regional and division offices.
 - 2.2 Austerity measures shall not compromise student programs, academic events, school events in support of academic objectives, or teacher/non-teaching staff training.
 - 2.3 Austerity measures should not compromise the safety or health of students, teachers, or the general public in our schools or offices.
3. Heads of offices, officials and employees of DepED shall follow strictly the following limitations specified in A.O. 103 in the pursuit/conduct of the following activities:



- 3.1 Suspension of all local travels *outside the region* for purposes of meetings, conferences, trainings, etc., unless urgently necessary and allowed by the Secretary.
 - 3.2 Suspension of purchase of any type of motor vehicles using Department funds.
4. Training, seminars and workshops are to be prioritized and must generate savings by limiting the number of secretariat staff to only those deemed most essential to the successful implementation of the training:
- 4.1 NEAP and SDS are to prioritize staff training and development training and to submit to the Undersecretary (Programs) for approval the trainings, seminars, workshops to be included and funded.
 - 4.2 TEEP, SEDIP, BEAM and all foreign-assisted projects are to likewise prioritize training and seminars and endeavor to generate 10% savings in the conduct of these trainings.
 - 4.3 Training organizers are to limit secretariat staff (i.e. registration clerks, disbursing officer) to no more than three central office staff per 100 participants.
5. Expansion of organizational units and/or the creation of positions shall be allowed only under the “scrap and build” mode. No additional positions shall be created for 2004.
6. Anniversary celebrations and other such events shall be allowed but with a minimum of expenditure. Sports competitions shall be allowed at the school, district, division and regional levels to be drawn against the school sports budget item.
7. Concerned offices shall generate 10% reduction in the services of consultants, technical assistants, contractuels and casual employees.
- 7.1 TEEP and SEDIP are to generate at least 10% savings in operating expenses and costs borne by consultants.
8. Each office is to generate at least 10% savings in the consumption of fuel, water, office supplies, electricity and other utilities.
- 8.1 In the central office, each unit/division/office is to strictly adhere to the following energy and utility conservation measures:

- 8.1.1 No air conditioning before 8:30 am or after 5:00 p.m. Air conditioners are to be shut down during the lunch break (12:00 – 1:00 p.m.)
- 8.1.2 Lights are to be shut off whenever offices are vacant and during lunch hours.
- 8.1.3 General Services Division is to move around daily and check all bathrooms for running water and/or leaks which are to be repaired immediately.
- 8.1.4 Inter-office memos and papers of a non-confidential nature shall use recycled paper (i.e. used paper) provided that the used paper shall also be of non-confidential content.

9. Overtime for non-teaching staff is to be reduced to no more than 5% per month. In the central office, each office is to submit to the Undersecretary (Finance & Administration) the projected overtime to be rendered with specific purposes, time periods, etc.

- 9.1 DepED officers shall submit projected overtime for assigned drivers.
- 9.2 The Payroll Services Division shall submit the projected overtime schedule of payroll services clerks.
- 9.3 There shall be no overtime on Saturday except with written approval of the undersecretary in charge of the unit. The authority to render overtime on Saturday shall be date and task-specific. Guards in the DepED Complex shall be authorized to close offices without a written authority for overtime on that specific Saturday. (For approved overtime on Saturday, airconditioners shall be limited to 9:00 a.m. to 12:00 noon.)
- 9.4 No office will be open to working staff on Sundays.

10. Immediate and wide dissemination of this Order is desired.


FLORENCIO B. ABAD
Secretary 

Encl.:

As stated

Reference:

DepED Memorandum No. 390, s. 2004

Allotment: 1—(D.O. 50-97)

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

FUNDS
LEGISLATIONS
POLICY

(Enclosure to DepED Order No. 61. s. 2004)

MALACAÑANG
MANILA

ADMINISTRATIVE ORDER NO. 103

**DIRECTING THE CONTINUED ADOPTION OF AUSTERITY MEASURES
IN THE GOVERNMENT**

WHEREAS, the continued adoption and implementation of austerity measures are necessary in order to meet the country's fiscal targets, maintain its macroeconomic stability and improve investor confidence;

WHEREAS, the national government, its agencies and instrumentalities must undertake cost-cutting measures to reduce expenses and channel its scarce resources towards the implementation of the 10-Point Legacy Agenda;

WHEREAS, government-owned and-controlled corporations, government financial institutions, and other government instrumentalities should likewise contribute to reducing the consolidated public sector deficit, and to decreasing the public sector debt;

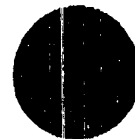
WHEREAS, prudent fiscal management remains critical in the execution of a sound budget policy to ensure a balanced budget by 2009;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct:

SECTION 1. All national government agencies (NGAs), including state universities and colleges (SUCs), government-owned and-controlled corporations (GOCCs), government financial institutions (GFIs), and other government corporate entities (OGCEs), and their subsidiaries, and other instrumentalities under the Executive Department, whether or not they receive funding support through the General Appropriations Act, are hereby ordered to adopt the following austerity measures:

- (a) Suspension of the following:
- (1) All foreign travels, except for (i) ministerial meetings, and (ii) scholarship/trainings that are grant-funded or undertaken at no cost to the government.

Henceforth, all foreign travels of Presidential appointees, even if allowed under this provision, must first be cleared by the Office of the President. Further, all agencies shall submit a monthly report to the Office of the President, stating the names of officials or employees who traveled abroad, the reasons for such travel, and the cost incurred by the government.



- (2) All local travels, unless urgently necessary and allowed by the Secretary or the Head of the SUC, GOCC, GFI, or OGCE;
 - (3) Purchase of any type of motor vehicles, except ambulances and those required by the military and police;
 - (4) Paid media advertisements, except those required in the issuance of agency guidelines, rules and regulations, the conduct of public bidding, and the dissemination of important public announcements;
 - (5) Conduct of training, seminars, and workshops, except if funded by grants, or if the cost may be recovered through exaction of fees;
 - (6) Expansion of organizational units and/or creation of positions, except those following "scrap and build" policy or matched by the deactivation of existing units/positions of the same cost;
 - (7) Conduct of celebrations and cultural or sports activities not related to the core function of the agency, except athletic competitions conducted by public schools or SUCs; and
 - (8) Donations, contributions, grants and gifts, except if said activities are undertaken pursuant to the mandate of the donor-agency;
- (b) Reduction of at least ten percent (10%) in the cost of the following:
- (1) Services of consultants, technical assistants, contractual, and casual employees; and
 - (2) Consumption of fuel, water, office supplies, electricity and other utilities. For this purpose, agencies are hereby authorized to install and use energy-efficient lights and fixtures, and optimize the utilization of internet facilities especially for long-distance communications;
- (c) Suspension of all tax expenditure subsidies to GOCCs, OGCEs and local government units, except those approved by the Fiscal Incentives Review Board;
- (d) Adoption of a scheme that will allow employees rendering overtime to be compensated through time/days off work in lieu of overtime pay, in accordance with guidelines jointly issued by the Department of Budget and Management (DBM) and the Civil Service Commission;
- (e) In the procurement of goods and services, strictly comply with the Government Procurement Reform Act (RA 9184) and its Implementing Rules and Regulations, particularly in the use of the Government Electronic



Procurement System for public bidding, advertisement of bid opportunities, and reporting of bid award results; and

- (f) Strict prioritization of capital expenditures, and realignment or use of savings to fund capital programs of the agencies, especially those in pursuit of the 10-Point Legacy Agenda.

SEC. 2. Consistent with the government's rationalization policy, the provisions of Republic Act No. 7430, or the Attrition Law, specifically Section 3 thereof which prohibits the filling-up of positions that have been vacated by reason of resignation, retirement, dismissal, death or transfer to another office, with certain exceptions, are hereby adopted until lifted by the President.

SEC. 3. All NGAs, SUCs, GOCCs, GFIs and OGCEs, whether exempt from the Salary Standardization Law or not, are hereby directed to:

- (a) Limit grant of honoraria and other forms of allowance to the following:
- (1) Teaching personnel of the Department of Education, Commission on Higher Education, Technical Education and Skills Development Authority, SUCs and other educational institutions engaged in actual classroom teaching whose teaching load is outside the regular office hours or in excess of the regular load;
 - (2) Lecturers, resource persons, coordinators and facilitators in seminars, training programs, and other similar activities in training institutions, including those conducted by entities for their officials and employees;
 - (3) Chairs and members of commissions, boards, councils, or other similar entities who are not paid salaries but compensated in the form of honoraria as provided by law, rules and regulations; and
 - (4) Those who are involved in government procurement in accordance with Republic Act No. 9184 and DBM Budget Circular 2004-5;
- (b) Suspend the grant of new or additional benefits to full-time officials and employees and officials, except for (i) Collective Negotiation Agreement (CNA) Incentives which are agreed to be given in strict compliance with the provisions of the Public Sector Labor-Management Council Resolutions No. 04, s. 2002 and No. 2, s. 2003, and (ii) those expressly provided by presidential issuance;
- (c) For other non full-time officials and employees, including members of their governing boards, committees, and commissions: (i) suspend the grant of new or additional benefits, such as but not limited to per diems, honoraria, housing and miscellaneous allowances, or car plans; and (ii) in the case of those receiving per diems, honoraria and other fringe benefits in excess of Twenty Thousand Pesos (P20,000.00) per month, reduce the combined total of said per



diems, honoraria and benefits to a maximum of Twenty Thousand Pesos (P20,000.00) per month.

SEC. 4. Each NGA, SUC, GOCC, GFI, or OGCE shall immediately prepare an austerity plan to implement the provisions of this Order.

SEC. 5. Heads of NGAs and SUCs, as well as the governing boards of GOCCs GFIs, and OGCEs shall be responsible for the strict implementation of Memorandum Order No. 20 dated June 25, 2001 and this Order. Any violation thereof shall be dealt with accordingly.

SEC. 6. The Legislative and Judicial Branches of Government, as well as agencies vested with fiscal autonomy, such as constitutional commissions and local governments, are strongly urged to adopt the provisions of this Order.

Local government units are reminded to adhere to prescribed limits on personal services expenditures under the Local Government Code, and to maximize the utilization of twenty percent (20%) of their Internal Revenue Allotments for development projects.

The Commission on Audit is likewise urged to assist in monitoring and ensuring strict compliance of this Order.

SEC. 7. This Administrative Order shall take effect immediately upon its publication in two (2) newspapers of general circulation.

DONE, in the City of Manila this 31ST day of August, in the year of Our Lord, Two Thousand and Four.

Floris Arroyo



By the President:

Eduardo R. Ermita

EDUARDO R. ERMITA
Acting Executive Secretary

