

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

NINETEENTH CONGRESS

First Regular Session

HOUSE BILL NO. **2885**



Introduce by: Rep. Margarita Ignacia B. Nograles

EXPLANATORY NOTE

It has been the impression of the majority of our countrymen that our government has increasingly become troubled. In fact, its image has taken its turn from bad to worst because of the growing number of overlapping functions in the government continuously draining government coffers. This assaults on our bureaucracy have now become remarkably evident as reported by the media, in the academe and in the landscape of ordinary Filipino people.

Because of this predicament, many past administrations have resulted in reforming the complicated, overcentralized and oversized bureaucratic organization to improve government performances.

One of the most anticipated bureaucratic reforms that were introduced was the House Bill 5707 also known as the Rightsizing Bill during the 17th Congress. This bill was approved by this chamber last July 07, 2017 and was transmitted to the Senate. Also in the 18th congress, House Bills 02518 among others have been filed that focuses on streamlining our government structure.

Last July 25, 2022, we heard from President Ferdinand Marcos, Jr. his legislative proposal during his State-of-the-Nation Address. He proposed the National Government Rightsizing Program (NGRP) Act, which tends to reform and enhance government capacity and seeks to crystalize and catapult government services for our countrymen.

According to the President, compared to previous government reorganization efforts, the NGRP Act will entail a comprehensive strategic review of the functions, operations, organization, systems and processes of the different agencies, and massive and transformational initiatives in agencies concerned, such as mergers, consolidation, splitting, transfer, and even the abolition of some offices. The rightsizing efforts will also involve the conduct of a comprehensive strategic review of functions, programs and projects that will cut across various agencies.

Hence this bill seeks to streamline the workforce of all the agencies of the executive branch, and all other entities attached to or under their administrative supervision, government-owned-and-controlled corporations (GOCCs) not covered by Republic Act 101049 or the "Government Act of 2011"

The Legislative Branch, Judiciary, Constitutional Commissions and the Office of the Ombudsman may likewise streamline their respective offices consistent with the principles and guidelines of the proposed law while the Local Government Units may also streamline their operations pursuant to Republic Act No 7160 otherwise known as the "Local Government Code"

Furthermore, this bill gives the power to the President the authority to rightsize the operation of the Executive Branch. Such authority includes strengthening the functions of the agencies; Scale down, phase out, eliminate or discontinue functions, programs, projects or activities that have already been devolved to LGUs; Transfer/integrate functions from one agency to another; creation and development of safety nets for employees of agencies who may be affected by the rightsizing efforts and many more.

In light of this, consideration of this proposal is earnestly sought.


MARGARITA IGNACIA B. NOGRALES

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House Bill No. 2885

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AN ACT
RIGHTSIZING THE NATIONAL GOVERNMENT TO IMPROVE PUBLIC
SERVICE DELIVERY AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

Section 1. Short Title. - This Act shall be known as "Rightsizing the National Government Act of 2022."

Section 2. Declaration of Policy. - It is hereby declared the policy of the State to promote and maintain effectiveness, efficiency and economy in the government, and enhance institutional capacity to improve public service delivery, and to ensure the attainment of the country's societal and economic development goals and objectives. Consistent with this, the government shall focus its functions and resources on the essential role, scope, and level of governance, and minimize, if not eliminate, redundancies, overlaps and duplications in its operations and simplify its rules and regulations, and systems and processes.

Section 3. Coverage. - This Act shall cover all agencies of the Executive Branch, including departments, bureaus, offices, commissions, boards, councils, and all other entities attached to or under their administrative supervision, and Government-Owned Or -Controlled Corporations (GOCCs) not covered by Republic Act (RA) No. 10149 (GOCC Governance Act of 2011).

The Legislature, the Judiciary, Constitutional Commissions, Commission on Human Rights and Office of the Ombudsman may, within their respective authorized appropriations, likewise rightsize their respective offices, consistent with the principles and guidelines contained in this Act, and within the parameters of the Unified Position Classification and Compensation System established under RA No. 6758, as amended.

Local Government Units (LGUs) may also rightsize their respective offices, consistent with the governing principles and guidelines contained in this Act and the provisions of RA No. 7160 (Local Government Code of 1991), and subject to their financial capability.

The Governance Commission for GOCCs shall continue to exercise its authority under RA No. 10149 to reorganize, merge, streamline, abolish or privatize any GOCC, in consultation with the agency to which the GOCC is attached.

Section 4. Governing Principles. - The National Government shall implement a Rightsizing Program in accordance with the following principles:

- a) The role of government and the scope, level, and prioritization of government programs, activities and projects, as well as the appropriate manner by which public goods and services are provided, shall be determined in accordance with the Constitutional mandate, political and socio-economic contexts and objectives of the government, and available resources;
- b) Government shall establish a conducive policy environment to encourage active private sector engagement in the production and delivery of goods and services;
- c) The delineation of functional assignments and responsibilities between the National Government and the LGUs in the provision of public goods and services shall be clearly defined, consistent with the provisions of Republic Act No. 7160 or the Local Government Code of 1991, and other pertinent laws and issuances, for

purposes of providing a more seamless, accessible, and responsive government services to the people:

- d) A whole-of-government approach shall be adopted to ensure seamless operations of agencies within and across sectors and to be more responsive to public needs;
- e) Government operations shall be simplified so that the agencies could focus on the performance of their core functions and implementation of programs and projects that will lead to the attainment of the desired sectoral and national goals and outcomes;
- f) Government systems and processes shall be streamlined and digitalized to improve government interoperability, ensure shared and secured access of information in government, and enable remote government operations to provide transparent, timely, convenient, uninterrupted, and efficient delivery of public goods and services to the Filipino people and raise the overall productivity of the public sector;
- g) Government rules, procedures and requirements shall be rationalized to reduce the regulatory burden on citizens, businesses and other stakeholders, as well as reduce the administrative burden on the part of the government; and
- h) The organizational structure of agencies shall be designed so as to facilitate the effective, efficient and economical implementation of programs and projects, and attainment of organizational outputs and outcomes, and the appropriate staffing mix shall be determined based on the skills and competencies required

Section 5. Authority of the President of the Philippines to Rightsize the Operations of the Executive Branch. - Pursuant to the governing principles, policies, standards, and guidelines stipulated in this Act, the President is hereby granted the following authority in the rightsizing of the operations of the different agencies of the Executive Branch:

- a) To pursue the following functional shifts/modifications:

- a.1 Strengthen functions of the agency which directly contribute to the targeted ultimate societal outcomes of the National Government and/or the targeted sector/sub-sector outcomes of the agency;
- a.2 Scale down, phase out, eliminate or discontinue functions, programs, projects or activities that could be better carried out or undertaken by the private sector, or have already been devolved to LGUs consistent with the governing principles provided in this Act; and
- a.3 Transfer-integrate functions from one agency to another which could better perform the same.
- b) To implement the following organizational actions, upon determination of the Committee on Rightsizing created under this Act that it is to the best interest of the State to reorganize, merge, streamline or abolish agencies and offices:
 - b.1 Regularize ad hoc offices whose functions are vital and significant, thus must be continually undertaken by the government;
 - b.2 Merge or consolidate agencies whose functions are unnecessarily overlapping or duplicating and could be undertaken by a single entity, or clients are similar or related, to rationalize the use of government resources;
 - b.3 Split agencies with multifarious functions which are deemed distinct but equally important aspects of governance;
 - b.4 Transfer offices to other agencies where their functions are more aligned; and
 - b.5 Subject to evaluation and favorable recommendation of the Committee on Rightsizing, abolish agencies when any of the following standards are present: (i) the functions are already redundant or no longer relevant or necessary, or could be better undertaken by another entity; (ii) agency is no longer achieving the objectives and purposes for which they were originally

created: (iii) continued operation is not cost-effective since they do not generate the desired level of outputs and outcomes vis-à-vis the resource inputs; and/or (iv) agency has already become non-operational or dormant and/or outlived its purpose.

- e) To undertake other functional/organizational actions, as necessary, consistent with the policies, principles, framework and standards of this Act.
- d) To develop and provide safety nets, including their implementation strategies, for employees of agencies who may be affected by the government's rightsizing efforts.
- e) To formulate an Organizational Development Program to strengthen the institutional capacity of the agencies and improve productivity of employees.

Section 6. Creation of a Committee on Rightsizing the Executive Branch. -

A Committee on Rightsizing the Executive Branch is hereby created to oversee the implementation of the Rightsizing Program, in accordance with the provisions of this Act.

The Committee shall be composed of the following officials or their duly authorized representatives: Executive Secretary as Chairperson, and the Secretary of the Department of Budget and Management (DBM) as Co-Chairperson, with the Secretary of the National Economic and Development Authority, Chairperson of the Civil Service Commission (CSC), and the Director-General of the Anti-Red Tape Authority, as members. The duly authorized representative shall be at least a third (3rd) ranking official of the agency.

The Committee shall be organized within fifteen (15) days from the effectivity of this Act.

The Committee shall organize Sub-Committees composed of experts on government operations, organizational development, and human resource management to assist in the performance of its functions.

The DBM shall provide the necessary secretariat services to the Committee and its Sub-Committees.

In the spirit of transparency and participatory governance, the Committee shall consult the agencies concerned, accredited public sector unions and other stakeholders relative to the implementation of the Executive Branch's Rightsizing Program.

Section 7. Powers and Functions of the Committee on Rightsizing the Executive Branch. - The Committee shall have the following powers and functions:

- a) To develop the policies, framework, strategies and mechanisms to be adopted in the implementation of the Executive Branch's Rightsizing Program;
- b) To conduct studies on the functions, programs, projects, operations, structure and manpower complement of the different agencies;
- c) To develop and prepare the rightsized organizational structure of agencies concerned and the corresponding executive issuances for approval by the President, in accordance with the provisions of Section 5 of this Act;
- d) To develop and prepare the overall Change Management Program, including a Communication Plan, to effectively manage the transition and ensure the smooth implementation of the Rightsizing Program;
- e) To formulate the mechanisms to safeguard the welfare of employees who may be affected by the rightsizing efforts, as well as the appropriate Organizational Development Program, for approval of the President;

- f) To monitor the implementation by the different agencies of their respective approved Rightsizing Plans, and report to the President any issue that must be addressed;
- g) To engage the services of experts/consultants, through the DBM, to assist the Committee and its Sub-Committees in the performance of their functions; and
- h) To formulate the implementing rules and regulations (IRR) of this Act.

Section 8. Submission of the Rightsized Organizational Structure and Proposed Executive Issuances to the President. - The Committee on Rightsizing the Executive Branch shall submit to the President the rightsized organizational structure of agencies concerned and the corresponding executive issuances within two hundred fifty (250) days from the effectivity of the IRR of this Act.

Section 9. Submission of the Detailed Organizational Structure and Staffing to the DBM. - Agency Heads shall prepare and submit to the DBM the detailed organizational structure and staffing of their respective agencies within ninety (90) days after the approval of the proposed executive issuances by the President.

Section 10. Retirement Benefits and Separation Incentives for Personnel Who May be Affected by the Executive Branch's Rightsizing Program. - The affected personnel hired on a permanent basis and with appointments attested by the CSC shall be entitled to retirement benefits and separation incentives.

10.1 The affected personnel shall be given the option to avail themselves of any of the following retirement benefits under existing laws, if qualified:

- a) Retirement gratuity provided under RA No. 1616 (An Act Further Amending Section Twelve of Commonwealth Act Numbered One Hundred Eighty-Six, as

Amended, By Prescribing Two Other Modes of Retirement and for Other Purposes), as amended; or

- b) Retirement benefit under RA No. 660 (An Act to Amend Commonwealth Act Numbered One Hundred and Eighty-Six Entitled "An Act to Create and Establish a Government Service Insurance System, to Provide for its Administration, and to Appropriate the Necessary Funds Therefor," and to Provide Retirement Insurance and for Other Purposes); or
- c) Retirement, separation or unemployment benefit provided under RA No. 8291 (An Act Amending Presidential Decree No. 1146, as Amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance System, Instituting Reforms Therein and for Other Purposes).

The retirement gratuity benefit of affected personnel who are qualified and have opted to avail themselves of RA No. 1616 shall be paid by the Government Service Insurance System (GSIS). The GSIS shall no longer pay the refund of retirement premiums (both personnel and government shares) of the affected personnel who will opt to avail of RA No. 1616 benefits.

10.2 In addition to said retirement benefits, the affected personnel who would opt to retire or be separated shall be entitled to the following applicable separation incentives:

- a) **½ of the actual monthly basic salary** for every year of government service, for those who have rendered less than 11 years of service;
- b) **¾ of the actual monthly basic salary** for every year of government service, computed starting from the 1st year, for those who have rendered 11 to less than 21 years of service;

- c) **the actual monthly basic salary** for every year of government service, computed starting from the 1st year, for those who have rendered 21 to less than 31 years of service; and
- d) **1 ¼ of the actual monthly basic salary** for every year of government service, computed starting from the 1st year, for those who have rendered 31 years of service and above.

The actual monthly basic salary shall refer to the salary of the affected personnel as of the date of approval of his/her agency's detailed organizational structure and staffing by the DBM.

A minimum of five (5) years of government service is required in order for an affected personnel to be entitled to avail of the Program's separation incentives under Section 10.2 of this Act.

PROVIDED: That for the purpose of computing the total amount of separation incentives that an affected personnel would receive, only his/her government service up to age 59 and a fraction thereof would be counted. Government service starting at the age 60 would no longer be subject to the separation incentives provided herein, without affecting the original incentive factor determined as applicable based on the actual years of service of the affected personnel.

PROVIDED FURTHER: That for the purpose of complying with the required number of years of service under RA No. 8291, the portability scheme under RA No. 7699 (An Act Instituting Limited Portability Scheme in the Social Security Insurance Systems by Totalizing the Workers' Creditable Services or Contributions in Each of the Systems) may be applied, subject to existing policies and guidelines.

The affected personnel, if with permanent appointment attested by the CSC, who will not opt to retire from the service shall be placed in a manpower pool to be organized and administered by the CSC. The CSC, in coordination with other government agencies and relevant private institutions, shall retool the subject affected personnel and deploy them to agencies which require their qualifications, skills and competencies.

The number of personnel who will avail of the separation incentives under Section 10.2 of this Act shall in no case exceed the number of positions declared for abolition.

The specific guidelines to carry out the provisions of this Section shall be prescribed in the IRR of this Act.

Section 11. Other Benefits of Retired/Separated Personnel. - The affected personnel who retired/separated shall, in addition to the applicable benefits above, be entitled to the following:

- a) Refund of Pag-IBIG Contributions - all affected personnel who are members of the Pag-IBIG shall be entitled to the refund of their contributions (both personal and government), pursuant to existing rules and regulations of the Home Development Mutual Fund; and
- b) Commutation of Unused Vacation and Sick Leave Credits - all affected personnel shall be entitled to the commutation of unused vacation and sick leave credits in accordance with existing rules and regulations.

Section 12. Period of Availability of the Retirement Benefits and Separation Incentives. - The retirement benefits and separation incentives provided in this Act shall be available within sixty (60) days upon approval by the DBM of the detailed rightsized organizational structure and staffing of agencies concerned.

Section 13. Prohibition on Reemployment of Personnel Retired/Separated from the Service. - Affected personnel who retired/separated from the service as a result of the implementation of the Rightsizing Program shall not be reemployed in any agency of the National Government, including in GOCCs, for a period of five (5) years, except as teaching or medical staff in educational institutions and hospitals, respectively.

The reemployment of retired/separated personnel under the Program within the prohibited period shall cause the refund of the separation incentives received by subject personnel under Section 10.2 of this Act on a pro-rated basis.

Section 14. Joint Congressional Oversight Committee on the Rightsizing Program. - There is hereby created an Oversight Committee to oversee, monitor and evaluate the implementation of this Act.

The Oversight Committee shall be composed of five (5) members each from the Senate and from the House of Representatives, which shall include representatives of the Senate Committees on Civil Service, Government Reorganization and Professional Regulation, and Finance, and the House Committees on Government Reorganization and Appropriations.

Section 15. Conduct of an Impact Assessment. - The DBM shall commission the conduct of an independent impact assessment on the Executive Branch's Rightsizing Program three (3) years from its completion to, among others, determine the effects of, and gains from, the implementation of the Program.

Section 16. Report to Congress. - The President shall submit a report to Congress on the results of the Program after the completion of its implementation.

Section 17. Sunset Provision. - The authority given to the President under this Act, as well as the existence of the Committee on Rightsizing the Executive Branch, shall end three (3) years after the effectivity of this Act.

Section 18. Implementing Rules and Regulations. - The Committee on Rightsizing the Executive Branch shall formulate the necessary IRR within thirty (30) days from the organization of the Committee. Such rules and regulations shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Section 19. Provisions Applicable to Other Branches of Government, Constitutional Commissions, Commission on Human Rights, Office of the Ombudsman, and the LGUs. - The governing principles, policies, standards, and guidelines, as well as the conditions and limitations provided in this Act, shall be followed in the implementation of the Rightsizing Program by other branches of government, Constitutional Commissions, Commission on Human Rights, Office of the Ombudsman, and the LGUs.

The heads of said offices shall issue their respective IRR and furnish a copy thereof to the Senate Committees on Civil Service, Government Reorganization and Professional Regulation, and Finance, the House Committees on Government Reorganization and Appropriations, and the DBM.

Section 20. Funding Requirements. - The amount necessary for the initial implementation of this Act shall be sourced against any applicable appropriation items under the current General Appropriations Act. Subsequent amount needed to continue the implementation of the National Government's Rightsizing Program shall be included in the succeeding appropriations.

In the event that the Legislature, the Judiciary, Constitutional Commissions, Commission on Human Rights, and the Office of the Ombudsman rightsize their respective offices in

accordance with the provisions of this Act, funds necessary for the purpose shall likewise be sourced from any applicable appropriations under the GAA.

For GOCCs not covered by RA No. 10149, the amount needed for the implementation of their Rightsizing Program shall be outsourced from their respective corporate funds. In case of funding deficiency, the National Government may provide assistance in the payment of separation incentives of personnel who may be affected by the rightsizing efforts of these GOCCs, provided that their salaries and other compensation are covered by RA No. 6758 (Compensation and Position Classification Act of 1989), as amended.

In case the LGUs pursue rightsizing efforts consistent with the provisions of this Act and RA No. 7160, the amount needed for the purpose shall be drawn from their respective local government funds.

Section 21. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Section 22. Repealing Clause. - All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

Section 23. Effectivity. - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.