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

NINETEENTH CONGRESS
1st Regular Session

House Bill No. **3529**

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Introduced by Representatives PAOLO Z. DUTERTE and ERIC G. YAP

EXPLANATORY NOTE

It is time to revisit the government bureaucracy to ensure the efficient and responsive delivery of public services to the Filipino people by identifying and eliminating the duplication of, redundant, and overlapping functions, roles, positions, and offices.

The Rightsizing Program under this Bill aims to re-examine the current state of the organizational structure particularly of the Executive Branch of the government. This will be undertaken by authorizing the President of the Republic of the Philippines to right size the Executive Branch by establishing a Committee on Rightsizing to improve the efficiency of delivery of public services resulting to fiscal prudence and good governance. This will be done in coordination with the Civil Service Commission (CSC), Department of Budget and Management (DBM), and other related government bodies.

Recently, the CSC also assured the public that "*the aim to trim down the number of employees in government should not undermine the services delivered by the concerned offices. While the DBM also said that the planned rationalization or streamlining of the National Government Agencies and GOCCs may be done through merger, restructuring or abolition of some non-performing or redundant offices. The funds to be saved from the planned rightsizing will be used for priority projects such as infrastructure, social services, agriculture and health-related programs per the same report*[1]."

[1] https://www.philstar.com/headlines/2022/07/16/2195698/csc-vows-thorough-study-government-rightsizing (last accessed 03 August 2022)

For the Legislative and Judicial Branches of the government as well as Constitutional bodies and Local Government Units, they shall have the option to further adopt and implement the Rightsizing Program embodied under this Bill.

In view of the foregoing, approval of this bill is earnestly sought.

PAOLO Z. DUTERTE **ERIC G. YAP**

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AN ACT
RIGHTSIZING THE NATIONAL GOVERNMENT TO IMPROVE PUBLIC SERVICE DELIVERY

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

SECTION 1. ***Short Title.*** This Act shall be known as "Rightsizing the National Government Act."

SEC. 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 duplication in its operations and simplify its rules and regulations, systems and processes.

SEC. 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, government-owned or controlled corporations (GOCCs) not covered by Republic Act No. 10149 or the GOCC Governance Act of 2011.

The Legislature, the Judiciary, the Constitutional Commissions, and the 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.

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 or the local Government Code of 1991, and subject to their financial capability.

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

SEC. 4. ***Principles and Guidelines.*** **-** The National Government shall implement a Rightsizing Program in accordance with the following principles and guidelines:

a. The role of government and the scope, level, and prioritization of government activities shall be determined in accordance with the constitutional mandate, political and socio-economic objectives of the government, and available resources;

b. The 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 responsibilities between the National Government and the LGUs in the provision, production, and delivery of goods and services shall be clearly defined;

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 departments/ agencies can 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 simplified and modernized to facilitate the delivery and upgrade the quality of frontline services, as well as to improve policy formulation, planning and performance evaluation, and raise 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 an agency shall be designed to facilitate the effective, efficient, and economical implementation of programs and projects, and the attainment of organizational outputs and outcomes; rightsized and the appropriate staffing mix shall be determined based on the skills and competencies required to effectively and efficiently carry out the agency mandate and functions.

SEC. 5. ***Authority of the President of the Philippines to Rightsize the Operations of the Executive Branch.*** **-** Pursuant to the governing rules, policies, standards and guidelines stipulated in this act, the President of the Philippines 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:
   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;
   2. Scale down, phase out, eliminate or discontinue functions, programs, projects that can better be 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
   3. Transfer/integrate functions from one agency to another which can better perform the same.

b. To undertake the following organizational actions:
   1. Regularize ad hoc offices whose functions are vital and significant, thus must be continually undertaken by the government;
   2. Merge or consolidate agencies whose functions are necessarily overlapping or duplicating and can be undertaken by a single entity; or clients are similar or related to rationalize the use of government resources;
   3. Split agencies with multifarious functions which are deemed distinct and equally serve important aspects of governance;
   4. Transfer offices to other agencies wherein their functions are more aligned; and
   5. Abolish agencies (i) which functions are already redundant or no longer relevant necessary, or better undertaken by another entity; (ii) which are no longer achieving the objectives and purposes for which these were originally created; (iii) which are not cost-effective since these do not generate the desired levels of outputs and outcomes vis-à-vis the resource inputs; and/or (iv) which have already become non-operational, dormant and/or outlived their purposes.

c. 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 departments/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.

SEC. 6. ***Creation of a Committee on Rightsizing the Executive Branch.*** **-** 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 Executive Secretary as Chairperson, and the Secretary of the Department of Budget and Management (DBM) as Co-Chairperson, with the Secretary of Socio-Economic Planning, Chairperson of the Civil Service Commission (CSC), and the Head of the Presidential Management Staff, as members.

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

The Committee shall also organize Subcommittees 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 Subcommittees.

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

SEC. 7. ***Powers and Functions of the Committee*** **-** 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 Rightsizing Program;
b. To conduct studies on the functions, programs, projects, operations, structure, and manpower complement of the different departments/agencies;
c. To develop and prepare the rightsized organizational structure of departments/ agencies concerned and the corresponding executive issuances for approval by the President;
d. To develop and prepare the overall change management program, including communication plans, 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.

SEC. 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 Implementing Rules and Regulations (IRR) of this Act.

SEC. 9. ***Submission of the Detailed Organizational Structure and Staffing to the DBM. -*** The heads of agencies 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: *Provided,* That assistance in the preparation of organizational structure and staffing pattern has been extended to the agency by the DBM and the CSC.

SEC. 10. ***Retirement Benefits and Separation Incentives for Personnel Who May be Affected by the Executive Branch 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.

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

    1. Retirement gratuity provided under Republic Act No. 1616 (An Act Further Amending Section 12 of Commonwealth Act No. 186, as Amended, By Prescribing Two Other Modes of Retirement and for Other Purposes), as amended; or
    2. Retirement benefit under Republic Act No. 660 (An Act to Amend Commonwealth Act No. 186 or "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
    3. Retirement, separation or unemployment benefit provided under Republic Act 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 shall avail of Republic Act 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 shall avail of Republic Act No. 1616 benefits.

b. 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:

1. One half (½) of the actual monthly basic salary for every year of government service, for those who have rendered less than eleven (11) years of service;
2. Three fourth (3/4%) of the actual monthly basic salary for every year of government service, computed starting from the first (1st year, for those who have rendered eleven (11) to less than twenty-one (21) ears of service;
3. The actual monthly basic salary: for every year of government service, computed starting from the first (1st) year, for those who have rendered twenty-one (21) to less than thirty-one (31) years of service: and
4. One and one fourth (1 ¼) of the actual monthly basic salary for every year of government service, computed starting from the first (1st) year, for those who have rendered thirty-one (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 the 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.b of this Act: *Provided,* That for the purpose of computing the total amount of separation incentives that an affected personnel shall receive only the government service up to age fifty-nine (59) and a fraction thereof shall be counted. Government service starting at the age sixty (60) shall 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 Republic Act No. 8291, the portability scheme under Republic Act 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 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 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.

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

a. Refund of Pag-IBIG contributions, both personal and government of all affected members, pursuant to existing rules and regulations of the Home Development Mutual Fund:

b. Commutation of Unused Vacation and Sick Leave Credits of the affected personnel in accordance with existing rules and regulations

SEC. 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 departments/ agencies concerned.

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

The retired/separated personnel under the program, who are re-employed within the prohibited period shall refund the separation incentives received under Section 10.b of this Act on a pro-rated basis.

The retired/separated personnel under the program who undertake in consultancy services for the government shall be governed by Section 7 of Republic Act No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees).

SEC. 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 the House of Representatives which shall include members of the Senate Committee on Civil Service, Government Reorganization and Professional Regulation, the Senate Committee on Finance, the House Committee on Government Reorganization and House Committee on Appropriations.

SEC. 15. ***Conduct of An Impact Assessment.*** **-** The DBM shall commission the conduct of an independent impact assessment on the executive branch rightsizing program three (3) years from its completion to, among others, determine the effects of, and gains from, the implementation of the program.

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

SEC. 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.

SEC. 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. The IRR shall take effect fifteen (15) days after its publication in a newspaper or general circulation.

SEC. 19. ***Provisions Applicable to other Branches of Government, Constitutional Commissions, Office of the Ombudsman, and the LGUs.*** **-** The governing principles, policies, standards, and guideline, 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. Office of the Ombudsman and the LGUs.

The heads of offices, shall issue their respective IRR and furnish a copy thereof to the Joint Congressional Committee on the Rightsizing Program and the DBM.

SEC. 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 Executive Branch Rightsizing Program in the Executive Branch shall be included in the succeeding appropriations.

In the event that the Legislature, Judiciary, Constitutional Commissions and the Office of the Ombudsman implement the rightsizing under this Act, the funding requirements shall be included in the succeeding appropriations.

SEC. 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.

SEC. 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.

SEC. 23. ***Effectivity.*** **-** This Act shall take effect take effect fifteen (15) days after its publication in the *Official Gazette* or in any newspaper of general circulation.

Approved,