EXPLANATORY NOTE

AN ACT RIGHTSIZING THE NATIONAL GOVERNMENT TO IMPROVE PUBLIC SERVICE DELIVERY

This bill proposes to implement a rightsizing program in the National Government for the purpose of enhancing the government’s institutional capacity to improve public service delivery.

As contained in E.O. 366, otherwise known as “The RATIONALIZATION PROGRAM”. This bill seeks to improve the quality and efficiency of government service delivery by minimizing duplication and improving performance through the rationalization of service delivery and support systems and organization structure and staffing.

This will further ensure the long term sustainability of our government service through resource mobilization and cost effective public expenditure management.

In view thereof, the immediate approval of this bill is highly recommended.

JERICHO JONAS B. NOGRALES
Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila  
Eighteenth Congress  
First Regular Session  

HOUSE BILL NO. 2518  

Introduced by Honorable Jericho Jonas B. Nograles  

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 of 2019.”  

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 duplications in its operations and simplify its systems and processes.
SEC. 3. **Coverage.** - This Act shall cover all national government agencies, including departments, bureaus, offices, commissions, boards, councils, and all other entities attached to or under their administrative supervision.

The Legislature, the Judiciary, Constitutional Offices, State Universities and Colleges, and Local Government Units (LGUs) may, within their respective authorized appropriations, likewise rightsize their respective offices, consistent with the principles and guidelines contained in this Act.

The Governance Commission for Government-Owned or -Controlled Corporations shall continue to exercise its authority under Republic Act (RA) No. 10149 to reorganize, merge, streamline, abolish or privatize any government-owned or -controlled corporation (GOCC), in consultation with the department or agency to which the GOCC is attached.

SEC. 4. **Principles and Guidelines.** - The National Government shall implement the 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 delineation of responsibilities between the National Government and the LGUs in the provision, production, and delivery of goods and services shall be clearly defined;

c) Government operations shall be simplified so that the departments or 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;

d) Government systems and processes shall be simplified to facilitate the delivery and upgrade the quality of frontline services, as well as to improve policy formulation, planning and performance evaluation;

e) Government rules shall be rationalized to reduce the regulatory burden on citizens, businesses and other stakeholders; and

f) The organizational structure of agencies shall be 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 National Government. - Pursuant to the policies, principles and guidelines stipulated in this Act, the President is hereby granted the following authority in the rightsizing of the operations of the different departments or agencies of the National Government:
a) To undertake the following organizational actions in order to eliminate functions, programs and projects which are already redundant, no longer necessary, or those duplicating or overlapping between and among the units within the department or with other departments or agencies of the National Government:

1) Abolish, deactivate, group, integrate, merge, consolidate or split national government agencies, including departments, bureaus, offices, commissions, boards, councils, and all other entities attached to or under their administrative supervision;

2) Create, establish or regularize offices; and

3) Transfer offices, functions, programs and projects, and their corresponding appropriations, equipment, properties, records, personnel, and transactions, from one department or agency to another.

b) To formulate and provide safety nets, including their implementation strategies, for employees of departments or agencies who may be affected by the government’s rightsizing efforts.

SEC. 6. Creation of a Committee on Rightsizing the National Government. - A Committee on Rightsizing the National Government is hereby created to oversee the implementation of the rightsizing program of the National Government’s hereafter referred to as Committee, in accordance with the provisions of this Act.

The Committee shall be composed of the following:
a) Executive Secretary as Chairman;
b) Secretary of Budget and Management as Co-Chairman;
c) Director-General of the National Economic and Development Authority;
d) Chairperson of the Civil Service Commission (CSC); and
e) 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 a Technical Working Group composed of experts on government operations, organizational development, and human resource management to assist in the performance of its functions.

In the spirit of transparency and participatory governance, the Committee shall consult the departments or agencies concerned and accredited public sector unions relative to the implementation of the rightsizing program.

SEC. 7. **Powers and Functions of the Committee.** - The Committee shall have the following powers and functions:

a) Develop the policies, framework, strategies and mechanisms to be adopted in the implementation of the National Government’s rightsizing program;

b) Conduct studies on the functions, programs, projects,
operations, structure and manpower complement of the different
departments or agencies;

c) Develop and prepare the rightsized organizational structure
of departments or agencies and the corresponding executive issuances for
approval by the President;

d) Monitor the implementation by the different departments or
agencies of their respective approved rightsizing plans, and report to the
President any issue that must be addressed;

e) Commission the conduct of an independent impact
assessment on the National Government’s rightsizing program after its
completion, to determine the effects of, and gains from, the
implementation of the program, mitigate any adverse effects, and address
areas which still require improvements; and

f) Formulate the implementing rules and regulations (IRR) of
this Act.

In the spirit of transparency and participatory governance, the
Committee shall consult the departments or agencies and accredited
public sector unions relative to the implementation of the National
Government’s rightsizing program.

SEC. 8. Submission of the Rightsized Organizational Structure
and Proposed Executive Issuances to the President. - The Committee
shall submit to the President the rightsized organizational structure of
departments or agencies and the corresponding executive issuances within one (1) year from the effectivity of the IRR of this Act.

SEC. 9. Submission of the Detailed Organizational Structure and Staffing to the DBM. - Department secretaries and agency heads shall prepare and submit to the DBM the detailed organizational structure and staffing of their respective departments or agencies within ninety (90) days after the approval of the proposed executive issuances by the President.

SEC. 10. Retirement Benefits and Separation Incentives for Personnel Who May be Affected by the Rightsizing Program. - The affected personnel, whether hired on a permanent, temporary, casual or contractual 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 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
2) 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

3) 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.

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) \( \frac{1}{2} \) of the actual monthly basic salary for every year of government service, for those who have rendered less than 11 years of service;

2) \( \frac{3}{4} \) of the actual monthly basic salary for every year of government service, computed starting from the 1\(^{st}\) year, for those who have rendered 11 to less than 21 years of service;

3) the actual monthly basic salary for every year of government service, computed starting from the 1\(^{st}\) year, for those who have rendered 21 to less than 31 years of service; and

4) 1 \( \frac{1}{4} \) of the actual monthly basic salary for every year of government service, computed starting from the 1\(^{st}\) 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 within the authorized period of implementation of the Program in their respective departments/agencies.

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 B 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 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 B 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 retires or is 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 the personal and government shares), 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.

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 or agencies.

SEC. 13. *Prohibition on Rehiring of Personnel who has Retired or is Separated from the Service.* - Affected personnel who has retired or is separated from the service as a result of the implementation of the Rightsizing Program shall not be appointed nor hired as casuals or contractual in any agency of the National Government, including in
GOCCs, for a period of five (5) years, except as teaching staff in a state university or college.

The provision of consultancy services by government personnel who has retired or is separated as a result of the Rightsizing Program shall be governed by Section 7 of RA No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees).

SEC. 14. Report to Congress. - The President shall submit a report to Congress on the results of the rightsizing program after the completion of its implementation.

SEC. 15. 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 in the National Government shall be included in the succeeding appropriations.

SEC. 16. Implementing Rules and Regulations. - The Committee 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.
SEC. 17. 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. 18. 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. 19. Effectivity. - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,