

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

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2422



Introduced by Honorable Lord Allan Jay Q. Velasco

EXPLANATORY NOTE

There is a need to trim government bureaucracy in order to streamline its operation. Based on the Department of Budget and Management Staffing Summary, the number of government personnel has grown from 1,108, 856 in 2005 to 1,244, 931 in 2015 or a growth of 12.27%. For the same period, the total number of permanent positions in government has increased from 1,150,681 in 2005 to 1,433,186 by 2015, or a growth of 24.55%. The corresponding expenditures have also ballooned: the actual expenditures of the government for personal services (PS) have expanded from P295.18 billion in 2005 to P682.62 billion in 2015, or an equivalent of 131.26%.

Studies have shown that the existing governmental organization is bloated and overstaffed, with redundant offices and overlapping or fragmented or ambiguous functions. The situation calls for the rightsizing of the bureaucracy to promote effectiveness, efficiency and economy in the delivery of services to the people. Streamlining the operations of departments/agencies is needed to achieve the government's goal of maintaining a well-functioning system of governance. There is a need to rationalize the existing machinery, reconfigure the organization, contain the costs and expenditures, and streamline operations in order to fulfil the constitutional mandate of the civil service and maximize the role of the public sector in national development. In short, there is a need to 'rightsize' the government.

Moreover, President Rodrigo Roa Duterte has also expressed his desire to abolish redundant or overlapping functions and to have more one-stop shops set up especially for frontline government services. Such one-stop services are much appreciated by the public. Speedy processing of transactions with the government means cutting red tape and opportunities for collecting grease money.

In view of the foregoing, this bill seeks to provide a Rightsizing Program for the National Government to create a lean and effective bureaucracy.

A handwritten signature in black ink, appearing to read "Allan Velasco", written over a horizontal line.

HON. LORD ALLAN JAY Q. VELASCO

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AN ACT
RIGHTSIZING THE NATIONAL GOVERNMENT TO
IMPROVE PUBLIC SERVICE DELIVERY

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

1 **Section 1. Short Title.** - This Act shall be known as “National Government
2 Rightsizing Act”.

3
4 **Section 2. Declaration of Policy.** - It is hereby declared the policy of the State to
5 promote and maintain effectiveness, efficiency and economy in the government, and enhance
6 institutional capacity to improve public service delivery, and to ensure the attainment of the
7 country’s societal and economic development goals and objectives. Consistent with this, the
8 government shall focus its functions and resources on the essential role, scope, and level of
9 governance, and minimize, if not eliminate, redundancies, overlaps and duplications in its
10 operations and simplify its systems and processes.

11
12 **Section 3. Coverage.** - This Act shall cover all national government agencies,
13 including departments, bureaus, offices, commissions, boards, councils, and all other entities
14 attached to or under their administrative supervision.

15
16 The Legislature, the Judiciary, Constitutional Offices, State Universities and Colleges,
17 and Local Government Units (LGUs) may, within their respective authorized appropriations,
18 likewise rightsize their respective offices, consistent with the principles and guidelines
19 contained in this Act.

20
21 The Governance Commission for Government-Owned or -Controlled Corporations
22 shall continue to exercise its authority under Republic Act (RA) No. 10149 to reorganize,
23 merge, streamline, abolish or privatize any government-owned or -controlled corporation
24 (GOCC), in consultation with the department or agency to which the GOCC is attached.

Section 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 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/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;
- 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.

Section 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/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

1 within the department or with other departments/agencies of the National
2 Government:

3
a.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;

a.2 Create, establish or regularize offices; and

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

4
5 b) To formulate and provide safety nets, including their implementation strategies,
6 for employees of departments/agencies who may be affected by the
7 government's rightsizing efforts.
8
9
10
11

12 **Section 6. Creation of a Committee on Rightsizing the National**
13 **Government.** - A Committee on Rightsizing the National Government is hereby created to
14 oversee the implementation of the National Government's Rightsizing Program, in accordance
15 with the provisions of this Act.
16

17 The Committee shall be composed of the Executive Secretary as Chairman, and the
18 Secretary of Budget and Management as Co-Chairman, with the Director-General of the
19 National Economic and Development Authority, Chairperson of the Civil Service
20 Commission (CSC), and the Head of the Presidential Management Staff, as members.
21

22 The Committee shall be organized within fifteen (15) days from the effectivity of
23 this Act.
24

25 The Committee shall also organize a Technical Working Group composed of experts
26 on government operations, organizational development, and human resource management to
27 assist in the performance of its functions.
28

1 In the spirit of transparency and participatory governance, the Committee shall consult
2 the departments/agencies concerned and accredited public sector unions relative to the
3 implementation of the National Government's Rightsizing Program.

4
5 **Section 7. Powers and Functions of the Committee on Rightsizing the**
6 **National Government.** - The Committee shall have the following powers and functions:

- 7
8 a) To develop the policies, framework, strategies and mechanisms to be adopted
9 in the implementation of the National Government's Rightsizing Program;
10
11 b) To conduct studies on the functions, programs, projects, operations, structure
12 and manpower complement of the different departments/agencies;
13
14 c) To develop and prepare the rightsized organizational structure of
15 departments/agencies concerned and the corresponding executive issuances for
16 approval by the President;
17
18 d) To monitor the implementation by the different departments/agencies of their
19 respective approved Rightsizing Plans, and report to the President any issue
20 that must be addressed;
21
22 e) To commission the conduct of an independent impact assessment on the
23 National Government's Rightsizing Program after its completion, to determine
24 the effects of, and gains from, the implementation of the Program, mitigate any
25 adverse effects, and address areas which still require improvements; and
26
27 f) To formulate the implementing rules and regulations (IRR) of this Act.
28

29 **Section 8. Submission of the Rightsized Organizational Structure and Proposed**
30 **Executive Issuances to the President.** - The Committee on Rightsizing the National
31 Government shall submit to the President the rightsized organizational structure of
32 departments/agencies concerned and the corresponding executive issuances within one (1)
33 year from the effectivity of the IRR of this Act.

34 **Section 9. Submission of the Detailed Organizational Structure and Staffing to**
35 **the DBM.** - Department Secretaries/Agency Heads shall prepare and submit to the DBM the
36 detailed organizational structure and staffing of their respective departments/agencies within
37 ninety (90) days after the approval of the proposed executive issuances by the President.
38

Section 10. Retirement Benefits and Separation Incentives for Personnel Who May be Affected by the National Government's 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.

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;

- 1 b) **¾ of the actual monthly basic salary** for every year of government
2 service, computed starting from the 1st year, for those who have rendered
3 11 to less than 21 years of service;
4
5 c) **the actual monthly basic salary** for every year of government service,
6 computed starting from the 1st year, for those who have rendered 21 to
7 less than 31 years of service; and
8 d) **1 ¼ of the actual monthly basic salary** for every year of government
9 service, computed starting from the 1st year, for those who have rendered
10 31 years of service and above.

11
12 The actual monthly basic salary shall refer to the salary of the affected
13 personnel within the authorized period of implementation of the Program in
14 their respective departments/agencies.

15
16 A minimum of five (5) years of government service is required in order for an
17 affected personnel to be entitled to avail of the Program's separation incentives
18 under Section 10.2 of this Act.

19
20 PROVIDED: That for the purpose of computing the total amount of separation
21 incentives that an affected personnel would receive, only his/her government
22 service up to age 59 and a fraction thereof would be counted. Government
23 service starting at the age 60 would no longer be subject to the separation
24 incentives provided herein, without affecting the original incentive factor
25 determined as applicable based on the actual years of service of the affected
26 personnel.

27
28 PROVIDED FURTHER: That for the purpose of complying with the required
29 number of years of service under RA No. 8291, the portability scheme under
30 RA No. 7699 (An Act Instituting Limited Portability Scheme in the Social
31 Security Insurance Systems by Totalizing the Workers' Creditable Services or
32 Contributions in Each of the Systems) may be applied, subject to existing
33 policies and guidelines.

34
35 The affected personnel, if with permanent appointment attested by the CSC, who will
36 not opt to retire from the service shall be placed in a manpower pool to be organized and
37 administered by the CSC. The CSC shall retool the subject affected personnel and deploy
38 them to agencies which require their qualifications, skills and competencies.

1
2 The number of personnel who will avail of the separation incentives under Section
3 10.2 of this Act shall in no case exceed the number of positions declared for abolition.
4

5 The specific guidelines to carry out the provisions of this Section shall be prescribed in
6 the IRR of this Act.
7

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

- 12 a) Refund of Pag-IBIG Contributions - all affected personnel who are members of
13 the Pag-IBIG shall be entitled to the refund of their contributions (both
14 personal and government), pursuant to existing rules and regulations of the
15 Home Development Mutual Fund; and
16
17 b) Commutation of Unused Vacation and Sick Leave Credits - all affected
18 personnel shall be entitled to the commutation of unused vacation and sick
19 leave credits in accordance with existing rules and regulations.
20

21 **Section 12. Period of Availability of the Retirement Benefits and Separation**
22 **Incentives.** - The retirement benefits and separation incentives provided in this Act shall be
23 available within sixty (60) days upon approval by the DBM of the detailed rightsized
24 organizational structure and staffing of departments/agencies concerned.
25

26 **Section 13. Prohibition on Rehiring of Personnel Retired/Separated from the**
27 **Service.** - Affected personnel who retired/separated from the service as a result of the
28 implementation of the National Government's Rightsizing Program shall not be appointed nor
29 hired as casuals or contractual in any agency of the National Government, including in
30 GOCCs, for a period of five (5) years, except as teaching staff in a state university or college.
31

32 The provision of consultancy services by government personnel who retired or were
33 separated as a result of the rightsizing efforts shall be governed by Section 7 of RA No. 6713
34 (Code of Conduct and Ethical Standards for Public Officials and Employees).
35

36 **Section 14. Report to Congress.** - The President shall submit a report to Congress on
37 the results of the Program after the completion of its implementation.

1 **Section 15. Funding Requirements.** - The amount necessary for the initial
2 implementation of this Act shall be sourced against any applicable appropriation items under
3 the current General Appropriations Act. Subsequent amount needed to continue the
4 implementation of the National Government's Rightsizing Program in the National
5 Government shall be included in the succeeding appropriations.

6
7 **Section 16. Implementing Rules and Regulations.** - The Committee on Rightsizing
8 the National Government shall formulate the necessary IRR within thirty (30) days from the
9 organization of the Committee. Such rules and regulations shall take effect fifteen (15) days
10 after its publication in a newspaper of general circulation.

11
12 **Section 17. Separability Clause.** - If any provision of this Act is declared
13 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full
14 force and effect.

15
16 **Section 18. Repealing Clause.** - All laws, decrees, executive orders, rules and
17 regulations, and other issuances or parts thereof which are inconsistent with this Act are
18 hereby repealed, amended or modified accordingly.

19
20 **Section 19. Effectivity.** - This Act shall take effect take effect fifteen (15) days after
21 its publication in at least two (2) newspapers of general circulation.

22
23 *Approved,*