



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 3781



**Introduced by Honorable Karlo A. B. Nograles
and Honorable Jericho Jonas B. Nograles**

EXPLANATORY NOTE

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

Consistent with Executive Order No. 366, also 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.

Under this proposed legislation, the President of the Philippines is granted the authority to undertake changes in the organizational units or key positions in any department or agency in order to eliminate functions, programs and projects which are already redundant or unnecessary and those overlapping between and among the various units of government. The President is likewise authorized to formulate and provide safety nets for personnel who may be affected by the rightsizing program.

This bill also establishes the Committee on Rightsizing the National Government, which is tasked to oversee the implementation of the rightsizing program, which includes developing the policies, framework, strategies and mechanisms for the rightsizing of the National Government; conducting a comprehensive review of the respective mandates, missions, objectives, functions, programs, projects, activities and systems and procedures of the departments or agencies; preparing the rightsized organizational structure of departments or agencies; monitoring the implementation by the different

departments or agencies of their approved rightsizing plans; and identifying areas for improvement and implement the needed adjustments to enhance government's service delivery and productivity.

The passage of this proposed measure will further ensure the long term sustainability of our government service through resource mobilization and cost effective public expenditure management.

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



KARLO A. B. NOGRALES



JERICO JONAS B. NOGRALES



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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 of 2016.*”

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.

1 SEC. 3. **Coverage.** - This Act shall cover all national government
2 agencies, including departments, bureaus, offices, commissions, boards,
3 councils, and all other entities attached to or under their administrative
4 supervision.

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

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

16 SEC. 4. **Principles and Guidelines.** - The National Government
17 shall implement the rightsizing program in accordance with the following
18 principles and guidelines:

19 a) The role of government and the scope, level, and
20 prioritization of government activities shall be determined in accordance
21 with the constitutional mandate, political and socio-economic objectives
22 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:

1 a) To undertake the following organizational actions in order to
2 eliminate functions, programs and projects which are already redundant,
3 no longer necessary, or those duplicating or overlapping between and
4 among the units within the department or with other departments or
5 agencies of the National Government:

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

10 2) Create, establish or regularize offices; and

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

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

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

22 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,

1 operations, structure and manpower complement of the different
2 departments or agencies;

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

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

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

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

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

20 SEC. 8. *Submission of the Rightsized Organizational Structure*
21 *and Proposed Executive Issuances to the President.* - The Committee
22 shall submit to the President the rightsized organizational structure of

1 departments or agencies and the corresponding executive issuances
2 within one (1) year from the effectivity of the IRR of this Act.

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

9 SEC. 10. *Retirement Benefits and Separation Incentives for*
10 *Personnel Who May be Affected by the Rightsizing Program.* - The
11 affected personnel, whether hired on a permanent, temporary, casual or
12 contractual basis and with appointments attested by the CSC, shall be
13 entitled to retirement benefits and separation incentives.

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

17 1) Retirement gratuity provided under RA No. 1616 (An
18 Act Further Amending Section Twelve of Commonwealth Act
19 Numbered One Hundred Eighty-Six, as Amended, By Prescribing
20 Two Other Modes of Retirement and for Other Purposes), as
21 amended; or

1 2) Retirement benefit under RA No. 660 (An Act to
2 Amend Commonwealth Act Numbered One Hundred and Eighty-
3 Six Entitled “An Act to Create and Establish a Government Service
4 Insurance System, to Provide for its Administration, and to
5 Appropriate the Necessary Funds Therefor,” and to Provide
6 Retirement Insurance and for Other Purposes); or

7 3) Retirement, separation or unemployment benefit
8 provided under RA No. 8291 (An Act Amending Presidential
9 Decree No. 1146, as Amended, Expanding and Increasing the
10 Coverage and Benefits of the Government Service Insurance
11 System, Instituting Reforms Therein and for Other Purposes).

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

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

1 1) **½ of the actual monthly basic salary** for every year
2 of government service, for those who have rendered less than 11
3 years of service;

4 2) **¾ of the actual monthly basic salary** for every year
5 of government service, computed starting from the 1st year, for
6 those who have rendered 11 to less than 21 years of service;

7 3) **the actual monthly basic salary** for every year of
8 government service, computed starting from the 1st year, for those
9 who have rendered 21 to less than 31 years of service; and

10 4) **1 ¼ of the actual monthly basic salary** for every
11 year of government service, computed starting from the 1st year, for
12 those who have rendered 31 years of service and above.

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

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

19 *Provided, That for the purpose of computing the total amount of*
20 *separation incentives that an affected personnel would receive, only*
21 *his/her government service up to age 59 and a fraction thereof*
22 *would be counted. Government service starting at the age 60 would*

1 no longer be subject to the separation incentives provided herein,
2 without affecting the original incentive factor determined as
3 applicable based on the actual years of service of the affected
4 personnel.

5 *Provided, further,* That for the purpose of complying with the
6 required number of years of service under RA No. 8291, the
7 portability scheme under RA No. 7699 (An Act Instituting Limited
8 Portability Scheme in the Social Security Insurance Systems by
9 Totalizing the Workers' Creditable Services or Contributions in
10 Each of the Systems) may be applied, subject to existing policies
11 and guidelines.

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

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

20 The specific guidelines to carry out the provisions of this Section
21 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

1 GOCCs, for a period of five (5) years, except as teaching staff in a state
2 university or college.

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

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

10 SEC. 15. **Funding Requirements.** - The amount necessary for the
11 initial implementation of this Act shall be sourced against any applicable
12 appropriation items under the current General Appropriations Act.
13 Subsequent amount needed to continue the implementation of the
14 National Government's Rightsizing Program in the National Government
15 shall be included in the succeeding appropriations.

16 SEC. 16. **Implementing Rules and Regulations.** - The Committee
17 shall formulate the necessary IRR within thirty (30) days from the
18 organization of the Committee. Such rules and regulations shall take
19 effect fifteen (15) days after its publication in a newspaper of general
20 circulation.

1 SEC. 17. *Separability Clause.* - If any provision of this Act is
2 declared unconstitutional or invalid, the other provisions not otherwise
3 affected shall remain in full force and effect.

4 SEC. 18. *Repealing Clause.* - All laws, decrees, executive orders,
5 rules and regulations, and other issuances or parts thereof which are
6 inconsistent with this Act are hereby repealed, amended or modified
7 accordingly.

8 SEC. 19. *Effectivity.* - This Act shall take effect take effect fifteen
9 (15) days after its publication in at least two (2) newspapers of general
10 circulation.