

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 JUL 26 P2:55

SENATE

S. No. 890

RECEIVED BY: _____

Introduced by Senator FRANCIS G. ESCUDERO

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

EXPLANATORY NOTE

This bill is essentially Senate Bill No. 1395¹ and House Bill No. 5707² which were both passed and deliberated during the 17th Congress. Its significance then, until now, relates to the rationalization of government bureaucracy through rightsizing expected to promote efficiency, effectiveness and economy in the delivery of public service.

Based on the Department of Budget and Management (DBM) Staffing Summary for the year 2021, there are 1,862,543 permanent positions in government, including *ex-officio* positions, of which 1,684,669 are filled and 177,874 are unfilled. Comparing these figures with the same DBM Staffing Summary in 2015 of 1,244,931 positions, it appears that the number of government personnel has continuously grown or has always been in an upward trend. Consequently, the corresponding expenditures likewise ballooned from 682.62 billion in 2015 to 1,316.3 billion in 2021.³

Moreover, studies show that the governmental organization is bloated and overstaffed with overlapping or fragmented functions which already requires re-organization, streamlining and/or reconfiguration.

On this score, the current administration seeks to revive the rightsizing of the bureaucracy as a two-pronged formula, economy on one hand and efficiency on the other. It is envisioned to deliver significant billions in savings and at the same time get rid of redundant and non-functioning government agencies.

¹ Per Committee Report No. 56 as jointly prepared and submitted by the Senate Committees on Civil Service, Government Reorganization and Professional Regulation, and Finance on 15 March 2017.

² Per Committee Report No. 258 as jointly prepared and submitted by the House Committees on Government Reorganization and Appropriation on 24 May 2017.

³ DBM.gov.ph. Staffing Summary.

The intent and purpose are quite tenable given what the studies and the data say especially since the direction, as contained in this bill, does not take for granted the rights and welfare of government personnel who would be severed from employment, and prescribes as well the provisions for checks and balances that would ensure competent, credible and accurate rationalization within sets of legislative parameters.

Finally, this bill would also provide the timely opportunity to revisit decentralization to be in harmony with this rightsizing policy in the light of the *Mandanas* and *Garcia*⁴ ruling which allocates more resources to Local Government Units (LGUs) and thus may result in a greater devolution of governmental powers and functions.

In view of the foregoing, the passage of this bill is earnestly sought not just as a matter of legislative policy on the rationalization of the bureaucracy but to harmonize it as well with decentralization.

RESPECTFULLY SUBMITTED.



FRANCIS G. ESCUDERO

⁴ GR Nos. 199802 and 208488, 22 May 2019.



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

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

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

12
13 Section 3. *Coverage.* - This Act shall cover all agencies of the Executive Branch,
14 including departments, bureaus, offices, commissions, boards, councils, and all other
15 entities attached to or under their administrative supervision, and Government-Owned
16 Or -Controlled Corporations (GOCCs) not covered by Republic Act (RA) No. 10149
17 (GOCC Governance Act of 2011).

1 The Legislature, the Judiciary, Constitutional Commissions, Commission on
2 Human Rights and Office of the Ombudsman may, within their respective authorized
3 appropriations, likewise rightsize their respective offices, consistent with the principles
4 and guidelines contained in this Act, and within the parameters of the Unified Position
5 Classification and Compensation System established under RA No. 6758, as amended.
6

7 Local Government Units (LGUs) may also rightsize their respective offices,
8 consistent with the governing principles and guidelines contained in this Act and the
9 provisions of RA No. 7160 (Local Government Code of 1991), and subject to their
10 financial capability.
11

12 The Governance Commission for GOCCs shall continue to exercise its authority
13 under RA No. 10149 to reorganize, merge, streamline, abolish or privatize any GOCC,
14 in consultation with the agency to which the GOCC is attached.
15

16 Section 4. *Governing Principles.* - The National Government shall implement a
17 Rightsizing Program in accordance with the following principles:
18

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

1 laws and issuances, for purposes of providing a more seamless, accessible,
2 and responsive government services to the people;

3 d) A whole-of-government approach shall be adopted to ensure seamless
4 operations of agencies within and across sectors and to be more responsive
5 to public needs;

6 e) Government operations shall be simplified so that the agencies could focus
7 on the performance of their core functions and implementation of programs
8 and projects that will lead to the attainment of the desired sectoral and
9 national goals and outcomes;

10 f) Government systems and processes shall be streamlined and digitalized to
11 improve government interoperability, ensure shared and secured access of
12 information in government, and enable remote government operations to
13 provide transparent, timely, convenient, uninterrupted, and efficient delivery
14 of public goods and services to the Filipino people and raise the overall
15 productivity of the public sector;

16 g) Government rules, procedures and requirements shall be rationalized to
17 reduce the regulatory burden on citizens, businesses and other
18 stakeholders, as well as reduce the administrative burden on the part of
19 the government; and

20 h) The organizational structure of agencies shall be designed so as to facilitate
21 the effective, efficient and economical implementation of programs and
22 projects, and attainment of organizational outputs and outcomes, and the
23 appropriate staffing mix shall be determined based on the skills and
24 competencies required.

25
26 Section 5. *Authority of the President of the Philippines to Rightsize the*
27 *Operations of the Executive Branch.* - Pursuant to the governing principles, policies,
28 standards, and guidelines stipulated in this Act, the President is hereby granted the
29 following authority in the rightsizing of the operations of the different agencies of the
30 Executive Branch:

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

- 1 a.1 Strengthen functions of the agency which directly contribute to the
2 targeted ultimate societal outcomes of the National Government
3 and/or the targeted sector/sub-sector outcomes of the agency;
- 4 a.2 Scale down, phase out, eliminate or discontinue functions, programs,
5 projects or activities that could be better carried out or undertaken by
6 the private sector, or have already been devolved to LGUs consistent
7 with the governing principles provided in this Act; and
- 8 a.3 Transfer/integrate functions from one agency to another which could
9 better perform the same.
- 10 b) To implement the following organizational actions, upon determination of
11 the Committee on Rightsizing created under this Act that it is to the best
12 interest of the State to reorganize, merge, streamline or abolish agencies
13 and offices:
- 14 b.1 Regularize ad hoc offices whose functions are vital and significant,
15 thus must be continually undertaken by the government;
- 16 b.2 Merge or consolidate agencies whose functions are unnecessarily
17 overlapping or duplicating and could be undertaken by a single entity,
18 or clients are similar or related, to rationalize the use of government
19 resources;
- 20 b.3 Split agencies with multifarious functions which are deemed distinct
21 but equally important aspects of governance;
- 22 b.4 Transfer offices to other agencies where their functions are more
23 aligned; and
- 24 b.5 Subject to evaluation and favorable recommendation of the
25 Committee on Rightsizing, abolish agencies when any of the following
26 standards are present: (i) the functions are already redundant or no
27 longer relevant or necessary, or could be better undertaken by
28 another entity; (ii) agency is no longer achieving the objectives and
29 purposes for which they were originally created; (iii) continued
30 operation is not cost-effective since they do not generate the desired
31 level of outputs and outcomes vis-à-vis the resource inputs; and/or

1 (iv) agency has already become non-operational or dormant and/or
2 outlived its purpose.

3 c) To undertake other functional/organizational actions, as necessary,
4 consistent with the policies, principles, framework and standards of this Act.

5 d) To develop and provide safety nets, including their implementation
6 strategies, for employees of agencies who may be affected by the
7 government's rightsizing efforts.

8 e) To formulate an Organizational Development Program to strengthen the
9 institutional capacity of the agencies and improve productivity of
10 employees.

11
12 Section 6. Creation of a Committee on Rightsizing the Executive Branch. -

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

16 The Committee shall be composed of the following officials or their duly
17 authorized representatives: Executive Secretary as Chairperson, and the Secretary of
18 the Department of Budget and Management (DBM) as Co-Chairperson, with the
19 Secretary of the National Economic and Development Authority, Chairperson of the
20 Civil Service Commission (CSC), and the Director-General of the Anti-Red Tape
21 Authority, as members. The duly authorized representative shall be at least a third
22 (3rd) ranking official of the agency.

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

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

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

30 In the spirit of transparency and participatory governance, the Committee shall
31 consult the agencies concerned, accredited public sector unions and other

1 stakeholders relative to the implementation of the Executive Branch's Rightsizing
2 Program.

3
4 Section 7. *Powers and Functions of the Committee on Rightsizing the*
5 *Executive Branch.* - The Committee shall have the following powers and functions:

- 6 a) To develop the policies, framework, strategies and mechanisms to be
7 adopted in the implementation of the Executive Branch's Rightsizing
8 Program;
- 9 b) To conduct studies on the functions, programs, projects, operations,
10 structure and manpower complement of the different agencies;
- 11 c) To develop and prepare the rightsized organizational structure of agencies
12 concerned and the corresponding executive issuances for approval by the
13 President, in accordance with the provisions of Section 5 of this Act;
- 14 d) To develop and prepare the overall Change Management Program,
15 including a Communication Plan, to effectively manage the transition and
16 ensure the smooth implementation of the Rightsizing Program;
- 17 e) To formulate the mechanisms to safeguard the welfare of employees who
18 may be affected by the rightsizing efforts, as well as the appropriate
19 Organizational Development Program, for approval of the President;
- 20 f) To monitor the implementation by the different agencies of their respective
21 approved Rightsizing Plans, and report to the President any issue that must
22 be addressed;
- 23 g) To engage the services of experts/consultants, through the DBM, to assist
24 the Committee and its Sub-Committees in the performance of their
25 functions; and
- 26 h) To formulate the implementing rules and regulations (IRR) of this Act.

27
28 Section 8. *Submission of the Rightsized Organizational Structure and Proposed*
29 *Executive Issuances to the President.* - The Committee on Rightsizing the Executive
30 Branch shall submit to the President the rightsized organizational structure of agencies

1 concerned and the corresponding executive issuances within two hundred fifty (250)
2 days from the effectivity of the IRR of this Act.

3
4 Section 9. *Submission of the Detailed Organizational Structure and Staffing to*
5 *the DBM.* - Agency Heads shall prepare and submit to the DBM the detailed
6 organizational structure and staffing of their respective agencies within ninety (90)
7 days after the approval of the proposed executive issuances by the President.

8
9 Section 10. *Retirement Benefits and Separation Incentives for Personnel Who*
10 *May be Affected by the Executive Branch's Rightsizing Program.* - The affected
11 personnel hired on a permanent basis and with appointments attested by the CSC
12 shall be entitled to retirement benefits and separation incentives.

13 10.1 The affected personnel shall be given the option to avail themselves of any
14 of the following retirement benefits under existing laws, if qualified:

- 15
16 a) Retirement gratuity provided under RA No. 1616 (An Act Further Amending
17 Section Twelve of Commonwealth Act Numbered One Hundred Eighty-Six,
18 as Amended, By Prescribing Two Other Modes of Retirement and for Other
19 Purposes), as amended; or
20 b) Retirement benefit under RA No. 660 (An Act to Amend Commonwealth Act
21 Numbered One Hundred and Eighty-Six Entitled "An Act to Create and
22 Establish a Government Service Insurance System, to Provide for its
23 Administration, and to appropriate the Necessary Funds Therefor," and to
24 Provide Retirement Insurance and for Other Purposes); or
25 c) Retirement, separation or unemployment benefit provided under RA No.
26 8291 (An Act Amending Presidential Decree No. 1146, as Amended,
27 Expanding and Increasing the Coverage and Benefits of the Government
28 Service Insurance System, Instituting Reforms Therein and for Other
29 Purposes).

30 The retirement gratuity benefit of affected personnel who are qualified and
31 have opted to avail themselves of RA No. 1616 shall be paid by the

1 Government Service Insurance System (GSIS). The GSIS shall no longer
2 pay the refund of retirement premiums (both personnel and government
3 shares) of the affected personnel who will opt to avail of RA No. 1616
4 benefits.

5 10.2 In addition to said retirement benefits, the affected personnel who would
6 opt to retire or be separated shall be entitled to the following applicable
7 separation incentives:

- 8 a) $\frac{1}{2}$ of the actual monthly basic salary for every year of government service,
9 for those who have rendered less than 11 years of service;
- 10 b) $\frac{3}{4}$ of the actual monthly basic salary for every year of government service,
11 computed starting from the 1st year, for those who have rendered 11 to
12 less than 21 years of service;
- 13 c) the actual monthly basic salary for every year of government service,
14 computed starting from the 1st year, for those who have rendered 21 to
15 less than 31 years of service; and
- 16 d) $1\frac{1}{4}$ of the actual monthly basic salary for every year of government
17 service, computed starting from the 1st year, for those who have rendered
18 31 years of service and above.

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

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

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

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

7
8 The affected personnel, if with permanent appointment attested by the
9 CSC, who will not opt to retire from the service shall be placed in a
10 manpower pool to be organized and administered by the CSC. The CSC, in
11 coordination with other government agencies and relevant private
12 institutions, shall retool the subject affected personnel and deploy them to
13 agencies which require their qualifications, skills and competencies.

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

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

19
20 Section 11. *Other Benefits of Retired/Separated Personnel.* - The affected
21 personnel who retired/separated shall, in addition to the applicable benefits above, be
22 entitled to the following:

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

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

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

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

15
16 Section 14. *Joint Congressional Oversight Committee on the Rightsizing Program.*
17 - There is hereby created an Oversight Committee to oversee, monitor and evaluate
18 the implementation of this Act.

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

24
25 Section 15. *Conduct of an Impact Assessment.* – The DBM shall commission the
26 conduct of an independent impact assessment on the Executive Branch’s Rightsizing
27 Program three (3) years from its completion to, among others, determine the effects
28 of, and gains from, the implementation of the Program.

29
30 Section 16. *Report to Congress.* - The President shall submit a report to Congress
31 on the results of the Program after the completion of its implementation.

1 Section 17. *Sunset Provision.* - The authority given to the President under this
2 Act, as well as the existence of the Committee on Rightsizing the Executive Branch,
3 shall end three (3) years after the effectivity of this Act.
4

5 Section 18. *Implementing Rules and Regulations.* - The Committee on Rightsizing
6 the Executive Branch shall formulate the necessary IRR within thirty (30) days from
7 the organization of the Committee. Such rules and regulations shall take effect fifteen
8 (15) days after its publication in a newspaper of general circulation.
9

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

17 The heads of said offices shall issue their respective IRR and furnish a copy
18 thereof to the Senate Committees on Civil Service, Government Reorganization and
19 Professional Regulation, and Finance, the House Committees on Government
20 Reorganization and Appropriations, and the DBM.
21

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

27 In the event that the Legislature, the Judiciary, Constitutional Commissions,
28 Commission on Human Rights, and the Office of the Ombudsman rightsize their
29 respective offices in accordance with the provisions of this Act, funds necessary for
30 the purpose shall likewise be sourced from any applicable appropriations under the
31 GAA.

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

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

11
12 Section 21. *Separability Clause.* - If any provision of this Act is declared
13 unconstitutional or invalid, the other provisions not otherwise affected shall remain in
14 full force and effect.

15
16 Section 22. *Repealing Clause.* - All laws, decrees, executive orders, rules and
17 regulations, and other issuances or parts thereof which are inconsistent with this Act
18 are hereby repealed, amended or modified accordingly.

19
20 Section 23. *Effectivity.* - This Act shall take effect fifteen (15) days after its
21 publication in at least two (2) newspapers of general circulation.

22
23 *Approved,*