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

23 JAN 25 P6:33

SENATE

S.B. No. <u>1779</u>

Introduced by Senator Raffy T. Tulfo

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

EXPLANATORY NOTE

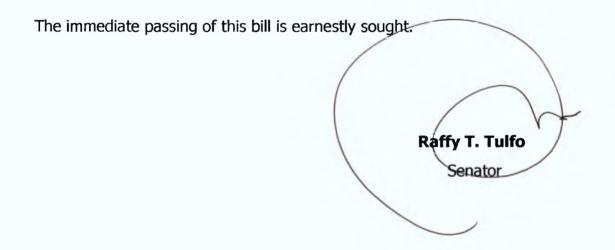
The rightsizing in government bill aims to improve the efficiency and effectiveness of government operations. The Philippines has a large number of government agencies and departments, many of which have overlapping or redundant functions. This can lead to inefficiencies, such as duplication of efforts and wasted resources. Additionally, the large number of agencies can make it difficult for citizens to navigate the government and access the services they need.

The rightsizing bill aims to address these issues by consolidating or abolishing certain government agencies and transferring their functions to other agencies. This will streamline government operations and make it easier for citizens to access public services. Additionally, it will reduce redundancies and save resources, which could be redirected towards other important government programs.

Another reason why rightsizing is important is to align with the current economic situation. The Philippines has recently experienced a decline in its economic growth, which has led to budget constraints and a need to prioritize spending. Rightsizing the government can help to address this by identifying and eliminating unnecessary expenses and redirecting resources to more critical areas.

Furthermore, the rightsizing bill also includes provisions for the selection and appointment of government officials and measures to ensure accountability and transparency in government operations. These provisions will help to improve the overall governance of the country, making it more efficient, effective and responsive to the needs of the citizens.

Overall, the rightsizing bill in the Philippines is needed to improve the efficiency and effectiveness of government operations, align the government with the current economic situation and make the governance more responsive to the needs of citizens.



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S. B. No. 179

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

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 "The National Government
 Rightsizing Act of 2023."

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

12

Section 3. Definition of Terms.

13 **Abolition** refers to the elimination of an obsolete/unnecessary organizational unit.

Affected Personnel refers to any government employee, whether regular or nonpermanent, that may be affected by the organizational actions arising from the results of strategic review and study under the National Government Rightsizing Program (NGRP). Consolidation refers to the dissolution of two (2) or more organizational units to
 form a new unit.

Deactivation refers to the act of making dormant or non-operational an organizational unit by phasing out its functions or transferring them to other units, and/or discontinuing the provision of resources. An organizational unit is rendered dormant or non-operational if it is defunded and/or its operation is terminated but its formal existence continues. A deactivated organizational unit is devoid of any activity, personnel, financial, and physical resources.

9 **Detailed Rightsized Organizational Structure** refers to the output of a 10 government agency that provides information on the systematic arrangement and 11 functions of the divisions and units within the organization. This shall be based on the 12 rightsized organizational structure that shall be developed by the Committee on 13 Rightsizing the Executive Branch.

Merger refers to the combination of two (2) or more organizational units, whereby the identity of one is retained and the other is abolished or deactivated.

Placement refers to the process of matching the jobs and the individual, and placement occurs when the individual is assigned with the particular job.

Rightsized Organizational Structure refers to the output of the Committee on Rightsizing the Executive Branch, which shall contain the appropriate structure of government agencies (i.e., Departments, Bureaus, Services and Offices) and their corresponding mandates and functions, resulting from the conduct of strategic review and study.

Rightsizing refers to the process of analyzing and designing the appropriate role,
 mandate, structure, functions, size, systems, and processes of government agencies
 in order to ensure effective, responsive, and efficient service delivery.

Staffing Pattern refers to a document that provides information on the positions and Personnel Services requirements, including the staffing ratio for the organization. Transfer refers to the movement of an employee from one organizational unit to another in the same department or agency, or from one department or agency to another, whichever is of equivalent rank, level, or salary. **Section 4. 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, and government-owned or -controlled corporations (GOCCs) not covered by Republic Act No. 10149 or the GOCC Governance Act of 2011.

6

7 The Legislature, the Judiciary, Constitutional Commissions, Commission on 8 Human Rights, and Office of the Ombudsman may, within their respective authorized 9 appropriations, likewise rightsize their respective offices, consistent with the principles 10 and guidelines contained in this Act, and within the parameters of the Unified Position 11 Classification and Compensation System established under RA No. 6758, as amended.

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.

17

18 The Governance Commission for GOCCs shall continue to exercise its authority 19 under RA No. 10149 to reorganize, merge, streamline, abolish or privatize any GOCC, 20 in consultation with the department to which the GOCC is attached.

21

Section 5. Governing Principles. The National Government shall implement
 a Rightsizing Program in accordance with the following principles:

a) The role of government and the scope, level, and prioritization of
government programs, activities and projects, as well as the appropriate manner in
which public goods and services are provided, shall be determined in accordance with
the Constitutional mandate, political and socio-economic contexts and objectives of
the government, and available resources;

b) The government shall establish a conducive policy environment to
encourage active engagement of the private sector and civil society organizations in
the production and delivery of goods and services;

1 c) The delineation of functions and responsibilities between the National 2 Government and the LGUs in the provision of public goods and services shall be clearly 3 defined, consistent with the provisions of RA No. 7160 or the Local Government Code 4 of 1991, and other pertinent laws and issuances, for purposes of providing a more 5 seamless, accessible, and responsive government services to the people;

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

9 e) Government operations shall be simplified so that the agencies could focus 10 on the performance of their core functions and implementation of programs and 11 projects that will lead to the attainment of the desired sectoral and national goals and 12 outcomes;

f) Government systems and processes shall be streamlined 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;

17 g) Digitalization and e-Governance shall be utilized as means to efficiently 18 optimize government roles and provide prompt and effective services to the people;

h) 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

i) The organizational structure of an agency shall be designed and rightsized
to facilitate the effective, efficient, and economical implementation of programs and
projects, and the attainment of organizational outputs and outcomes; 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.

27

Section 6. Authority of the President of the Philippines to Rightsize the
 Operations of the Executive Branch. - Pursuant to the governing principles,
 policies, standards, and guidelines stipulated in this Act, the President is hereby

granted the following authority in the rightsizing of the operations of the differentagencies of the Executive Branch:

3

a) To pursue the following functional shifts/modifications:

a.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;

a.2 Scale down, phase out, eliminate or discontinue functions, programs, projects
or activities that could be better 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

a.3 Transfer/integrate functions from one agency to another which could betterperform the same.

b) To implement the following organizational actions, upon determination of
 the Committee on Rightsizing the Executive Branch created under this Act that it is to
 the best interest of the State to create, reorganize, merge, streamline or abolish
 agencies and offices:

b.1 Create new agencies, offices, positions, as needed, in order to strengthen thecapacity of government agencies to perform their mandate;

b.2 Regularize ad hoc offices whose functions are vital and significant, thus must
be continually undertaken by the government;

b.3 Merge or consolidate agencies whose functions are unnecessarily overlapping
or duplicating and could be undertaken by a single entity, or clients are similar or
related, to rationalize the use of government resources;

b.4 Split agencies with multifarious functions which are deemed distinct but equally
 important aspects of governance;

b.5 Transfer offices to other agencies where their functions are more aligned; and
b.6 Subject to evaluation and favorable recommendation of the Committee on
Rightsizing the Executive Branch, abolish agencies, when any of the following
standards are present: (i) the functions are already redundant or no longer relevant
or necessary, or could be better undertaken by another entity; (ii) agency is no longer
achieving the objectives and purposes for which they were originally created; (iii)

continued operation is not cost-effective since they do not generate the desired level
 of outputs and outcomes vis-à-vis the resource inputs; and/or (iv) agency has already
 become non-operational or dormant and/or outlived its purpose.

c) To undertake other functional/organizational actions, such as conducting
regulatory reviews, streamlining or reengineering processes, capability-building
interventions, among others, as necessary, consistent with the policies, principles,
framework and standards of this Act.

8 d) To develop and provide safety nets, including their implementation 9 strategies, for employees of agencies who may be affected by the government's 10 rightsizing efforts.

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

13

Section 7. Creation of a Committee on Rightsizing the Executive Branch. A Committee on Rightsizing the Executive Branch (CREB) is hereby created to oversee the implementation of the Rightsizing Program, in accordance with the provisions of this Act.

18

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

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

The CREB shall also organize Sub-Committees composed of experts on government operations, organizational development, and human resource management, including a secretariat for each Sub-Committee, to assist in the performance of its functions.

1 The DBM shall provide the necessary secretariat services to the CREB and 2 designate focal persons for each Sub-Committee to ensure effective coordination.

In the spirit of transparency and participatory governance, the Committee shall consult the agencies concerned, accredited public sector unions and other stakeholders relative to the implementation of the NGRP.

6

7

Section 8. Powers and Functions of the Committee on Rightsizing the

8 **Executive Branch.** The Committee shall have the following powers and functions:

9 a) To develop the policies, frameworks, indicators, strategies and
10 mechanisms, in consideration of the lessons learned from previous efforts on
11 reorganization, to be adopted in the implementation of the NGRP;

b) To develop a Program Management Plan containing the activities, 12 responsibilities, and resource requirements, among others, that shall be adopted to 13 ensure effective implementation of the NGRP and submit the same to the President 14 within sixty (60) days upon effectivity of the implementing rules and regulations (IRR); 15 **c**) To conduct studies on the mandates, functions, programs, projects, 16 operations, structure and manpower complement of the different government 17 agencies and instrumentalities; 18

d) To develop and prepare the rightsized organizational structure of agencies
concerned and the corresponding executive issuances for approval by the President,
in accordance with the provisions of Section 6 of this Act;

e) To develop and prepare the overall change management program, that shall include communication plans, the appropriate Organizational Development Program, and other mechanisms to effectively manage the transition, ensure the smooth implementation of the NGRP, and safeguard the welfare of employees who may be affected by the rightsizing efforts;

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

1

h)

To formulate the IRR of this Act.

2

Section 9. Conduct of Strategic Review and Study on the Mandates,
 Functions, Systems, Operations, and Processes of the NG. The CREB shall
 conduct strategic review and study on the role, mandates, functions, programs,
 projects, operations, structure and manpower complement of the different agencies
 under the Executive Branch for purposes of:

8

9 1) Determining the role of the government, as well as the suitable extent of 10 government intervention on the sectoral areas covered;

11 2) Identifying areas of dysfunctions, bureaucratic inefficiencies, among 12 others, in the sectoral areas covered and government agencies therein;

Assessing the relevance of an agency's mandates, functions, programs,
 and projects in pursuit of the country's socio-economic and developmental goals and
 outcomes; and

4) Providing recommendations on the appropriate roles, mandates and functions of government agencies; organizational actions that shall improve efficiency and interoperability of government agencies; and necessary transformational and organizational changes that could be implemented in the sectoral areas and/or agencies concerned.

21

The conduct of the strategic review and study shall be consistent with the governing principles set forth under Section 5 of this Act. Furthermore, the recommendations of the study may contain any, but not limited to the recommended actions provided in Section 6 of this Act.

26

Section 10. Submission of the Rightsized Organizational Structure and Proposed Executive Issuances to the President. - The CREB shall submit to the President the rightsized organizational structure of agencies concerned and the corresponding executive issuances, with due consideration of the results and findings of the strategic review and study that will be conducted, within sixty (60) days from
approval by the Committee of the results of the strategic review and study.

3

Section 11. Submission of the Detailed Rightsized Organizational 4 Structure and Staffing Pattern to the DBM. Agency Heads shall prepare and 5 submit to the DBM the detailed organizational structure and staffing pattern (OSSP) 6 of their respective agencies, including an estimated cost to implement the detailed 7 rightsized OSSP, within ninety (90) days after the approval of the proposed executive 8 issuances by the President: Provided, That assistance in the preparation of 9 organizational structure and staffing pattern has been extended to the agency by the 10 11 DBM and the CSC.

12

Section 12. Non-interruption of Government Service and Transitory Provisions. This Act, or any guidelines, rules or regulations issued in pursuance thereof, or any initiative related to the implementation of the recommendations under the strategic review and study conducted through the NGRP, shall not operate to suspend or exempt any government office or personnel from compliance with the provisions of RA No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

20

The agencies shall implement the approved detailed rightsized organizational structure and staffing pattern in such a manner that government operations will not be delayed nor disrupted. Agencies and personnel will be able to perform their functions, respective duties and responsibilities in a holdover capacity until the transition has been completed. Furthermore, agencies shall ensure that a change management program will be carried out to ensure smooth and effective transition.

27

The placement of permanent employees to the rightsized staffing pattern, the order of separation of affected personnel pursuant to the rightsizing measure, as well as the remedies and procedures for affected personnel shall be carried out in accordance with RA No. 6656 (An Act to Protect the Security of Tenure of Civil Service

Officers and Employees in the Implementation of Government Reorganization) and its 1 2 IRR.

3

Section 13. Retirement Benefits and Separation Incentives for 4 Personnel Who May be Affected by the NGRP. - The affected personnel hired on 5 a permanent basis and with appointments attested by the CSC shall be entitled to 6 retirement benefits and separation incentives. 7

8

13.1 The affected personnel shall be given the option to avail of any of the following retirement benefits under existing laws, if gualified: 9

Retirement gratuity provided under RA No. 1616 (An Act Further Amending 10 a) Section Twelve of Commonwealth Act Numbered 186, as Amended, By Prescribing 11 Two Other Modes of Retirement and for Other Purposes), as amended; or 12

Retirement benefit under RA No. 660 (An Act to Amend Commonwealth Act b) 13 Numbered One Hundred and Eighty-Six Entitled, "An Act to Create and Establish a 14 Government Service Insurance System, to Provide for its Administration, and to 15 Appropriate the Necessary Funds Therefor," and to Provide Retirement Insurance and 16 17 for Other Purposes); or

Retirement, separation or unemployment benefit provided under RA No. 8291 c) 18 (An Act Amending Presidential Decree No. 1146, as Amended, Expanding and 19 Increasing the Coverage and Benefits of the Government Service Insurance System, 20 Instituting Reforms Therein and for Other Purposes). 21

The retirement gratuity benefit of affected personnel who are qualified and have 22 opted to avail of RA No. 1616 shall be paid by the Government Service Insurance 23 System (GSIS). The GSIS shall no longer pay the refund of retirement premiums (both 24 personal and government shares) of the affected personnel who will opt to avail of RA 25 No. 1616 benefits. 26

27

13.2 In addition to said retirement benefits, the affected personnel who would 28 opt to retire or be separated shall be entitled to the following applicable separation 29 30 incentives:

a) ¹/₂ of the actual monthly basic salary for every year of government service,
for those who have rendered five (5) years to eleven (11) years of service;

b) ³/₄ of the actual monthly basic salary for every year of government service,
computed starting from the 1st year, for those who have rendered eleven (11) to less
than twenty-one (21) years of service;

c) the actual monthly basic salary for every year of government service,
computed starting from the 1st year, for those who have rendered twenty-one (21) to
less than thirty-one (31) years of service; and

9 d) 1 ¼ of the actual monthly basic salary for every year of government
service, computed starting from the 1st year, for those who have rendered thirty-one
(31) years of service and above.

12

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

16

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 13.2 of this Act.

20

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 fifty-nine (59) and a fraction thereof would be counted. Government service starting at the age sixty (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.

27

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.

3

The affected personnel 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 affected personnel and deploy them to agencies which require their qualifications, skills and competencies.

9

10 The number of personnel who will avail of the separation incentives under 11 Section 13.2 of this Act shall in no case exceed the number of positions declared for 12 abolition.

13

14 The specific guidelines to carry out the provisions of this Section shall be 15 prescribed in the IRR of this Act.

16

Section 14. Other Benefits of Retired/Separated Personnel. - The
 affected personnel who retired/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
 personal and government), 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.

27

28 Section 15. Period of Availability of the Retirement Benefits and 29 Separation Incentives. - The retirement benefits and separation incentives 30 provided in this Act shall be available within sixty (60) days upon issuance of the Notice of Organization, Staffing and Compensation Action by the DBM to the agencies
 concerned.

3

Reemployment Section 16. Prohibition on of Personnel 4 5 Retired/Separated from the Service. - Affected personnel who retired/separated from the service as a result of the implementation of the Rightsizing Program shall not 6 7 be reemployed in any agency of the National Government, including in GOCCs, for a period of five (5) years, except in the exigency of service or as teaching or medical 8 staff in educational institutions and hospitals, respectively. 9

10 The reemployment of retired/separated personnel under the Program within the 11 prohibited period shall cause the refund of the separation incentives received by the 12 subject personnel under Section 13.2 of this Act on a pro-rated basis.

13

Section 17. 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.

17

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

23

Section 18. Conduct of an Impact Assessment. – The DBM shall commission the conduct of an independent impact assessment on the NGRP three (3) years from its completion to, among others, determine the effects of, and gains from, the implementation of the Program.

28

Section 19. Report to Congress. - The President shall submit a report to
 Congress on the results of the Program after the completion of its implementation.

Section 20. 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.

Section 21. Implementing Rules and Regulations. - The Committee on
Rightsizing the Executive Branch shall formulate the necessary IRR within sixty (60)
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.

9

4

Section 22. Provisions Applicable to Other Branches of Government, Constitutional Commissions, Commission on Human Rights, Office of the Ombudsman, and the LGUs. - The governing principles, policies, standards, and guidelines, as well as the conditions and limitations provided in this Act, shall be followed in the implementation of the Rightsizing Program by the other branches of government, Constitutional Commissions, Commission on Human Rights, Office of the Ombudsman, and the LGUs.

17

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

22

23 Section 23. Funding Requirements. - The amount necessary for the initial 24 implementation of this Act shall be sourced against any applicable appropriation items 25 under the current General Appropriations Act (GAA). Subsequent amounts needed to 26 continue the implementation of the National Government Rightsizing Program shall be 27 included in the succeeding appropriations.

28

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

3

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

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

14

Section 24. 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.

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Section 25. 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.

22

23 Section 26. Effectivity. - This Act shall take effect fifteen (15) days after its
 24 publication in at least two (2) newspapers of general circulation.

Approved,