


23 MAY -3 P2:32

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

RECEIVED BY: 

**SENATE**

S.B. No. 2126

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Introduced by **SENATOR IMEE R. MARCOS**

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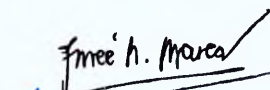
**AN ACT**  
**RIGHTSIZING THE NATIONAL GOVERNMENT TO IMPROVE THE DELIVERY**  
**OF PUBLIC SERVICES AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Structural reviews of the Philippine bureaucracy demonstrate that one major source of inefficiency is the wanton creation of government agencies and offices, which result in redundancy and unclear delineation in the functions of the government workforce. In the proposed budgets submitted by various government agencies to Congress for the recent 2023 budget deliberations, at least 30-40% of each agency's budget goes to Personnel Services which consist of personnel salaries and benefits. Excesses in some parts of the bureaucracy – in terms of compensation and positions – have long been manifest. Thus, since past administrations, it has been declared as priority of the government to make Philippine bureaucracy leaner, more efficient, and effective. This is hoped to be achieved through the elimination of redundancies, overlaps, and duplication in existing agencies, rules and regulations, systems, and processes.

During the first State of the Nation Address of President Ferdinand R. Marcos Jr., the President reiterated the need for Congress to pass a law institutionalizing the "rightsizing" of the government. In response to the repeated calls for streamlining government agencies and processes, this bill seeks to rightsize the organizational structures of the government, covering all national government agencies, including departments, bureaus, offices, commissions, boards, councils, and all other entities attached to or under their administrative supervision, to simplify systems and processes, and to attain expediency in government services.

In view of the foregoing considerations, the passage of this bill is sought.

  
**IMEE R. MARCOS**

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**AN ACT**  
**RIGHTSIZING THE NATIONAL GOVERNMENT TO IMPROVE THE DELIVERY**  
**OF PUBLIC SERVICES AND FOR OTHER PURPOSES**

*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 the "*Rightsizing the*  
2           *National Government Act*".  
3

4           **SEC. 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  
6           enhance institutional capacity to improve public service delivery, and to ensure the  
7           attainment of the country's societal and economic development goals and objectives.  
8           Consistent with this, the government shall focus its functions and resources on the  
9           essential roles, 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, systems, and processes.  
12

13          **SEC. 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 or  
17          the "GOCC Governance Act of 2011".  
18

19          State Universities and Colleges (SUCs), consistent with the laws that created  
20          them and within their respective authorized appropriations, may also rightsize their  
21          offices and administration, in accordance with the principles and guidelines set out in  
22          this Act.  
23

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 or the "Local Government Code of 1991", and subject to  
10 their 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 **SEC. 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 government  
20 programs, activities and projects, as well as the appropriate manner by which  
21 public goods and services are provided, shall be determined in accordance with  
22 the Constitutional mandate, political and socio-economic contexts and  
23 objectives of the government, and available resources;  
24
- 25 (b) The government shall establish a conducive policy environment to encourage  
26 active private sector engagement in the production and delivery of goods and  
27 services;  
28
- 29 (c) The delineation of functional assignments and responsibilities between the  
30 National Government and the LGUs in the provision of public goods and services  
31 shall be clearly defined, consistent with the provisions of Republic Act No. 7160  
32 or the "Local Government Code of 1991", and other pertinent laws and  
33 issuances, for purposes of providing a more seamless, accessible, and  
34 responsive government services to the people;  
35
- 36 (d) A whole-of-government approach shall be adopted to ensure seamless  
37 operations of agencies within and across sectors and to be more responsive to  
38 public needs;  
39
- 40 (e) Government operations shall be simplified so that the agencies could focus on  
41 the performance of their core functions and the implementation of programs



1 and projects that will lead to the attainment of the desired sectoral and national  
2 goals and outcomes;

3  
4 (f) Government systems and processes shall be streamlined and digitalized to  
5 improve government interoperability, ensure shared and secured access of  
6 information in government, and enable remote government operations to  
7 provide transparent, timely, convenient, uninterrupted, and efficient delivery of  
8 public goods and services to the Filipino people and raise the overall productivity  
9 of the public sector;

10  
11 (g) Government rules, procedures, and requirements shall be rationalized to reduce  
12 the regulatory burden on citizens, businesses and other stakeholders, as well  
13 as reduce the administrative burden on the part of the government; and

14  
15 (h) The organizational structure of agencies shall be designed so as to facilitate the  
16 effective, efficient and economical implementation of programs and projects,  
17 and attainment of organizational outputs and outcomes, and the appropriate  
18 staffing mix shall be determined based on the skills and competencies required.

19 **SEC. 5. Authority of the President of the Philippines to Rightsize the Operations of**  
20 *the Executive Branch.* – Pursuant to the governing principles, policies, standards, and  
21 guidelines stipulated in this Act, the President is hereby granted the following authority  
22 in the rightsizing of the operations of different agencies of the Executive Branch:

23  
24 (a) To pursue the following functional shifts or modifications:

25  
26 (1) Strengthen the functions of the agency which directly contribute to the  
27 targeted ultimate societal outcomes of the National Government and/or  
28 the targeted sector/sub-sector outcomes of the agency;

29  
30 (2) Scale down, phase out, eliminate or discontinue functions, programs,  
31 projects or activities that could be better carried out or undertaken by  
32 the private sector, consistent with the governing principles provided in  
33 this Act; and

34  
35 (3) Transfer/integrate functions from one agency to another which could  
36 better perform the same.

37  
38 (b) To implement the following organizational actions, upon determination of the  
39 Committee on Rightsizing created under this Act that it is to the best interest of  
40 the State to reorganize, merge, streamline, or abolish agencies and offices:

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- (1) Regularize *ad hoc* offices whose functions are vital and significant, thus must be continually undertaken by the government;
- (2) Merge or consolidate agencies whose functions are unnecessarily overlapping or duplicating and could be undertaken by a single entity, or whose clients are similar or related, to rationalize the use of government resources;
- (3) Split agencies with multifarious functions which are deemed distinct but equally important aspects of governance;
- (4) Transfer offices to other agencies where their functions are more aligned; and
- (5) Subject to the evaluation and favorable recommendation of the Committee on Rightsizing, 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 existing entity;
  - ii. the agency is no longer achieving the objectives and purposes for which they were originally created;
  - iii. the continued operation of the agency is not cost-effective since they do not generate the desired level of outputs and outcomes *vis-a-vis* the resource inputs; and/or
  - iv. the agency has already become non-operational or dormant and/or outlived its purpose.
- (c) To undertake other functional/organizational actions, as necessary, consistent with the policies, principles, framework and standards of this Act.
- (d) To develop and provide safety nets, including their implementation strategies, for employees of agencies who may be affected by the government's rightsizing efforts.
- (e) To formulate an Organizational Development Program to strengthen the institutional capacity of the agencies and improve the productivity of employees.

1       **SEC. 6.** *Creation of a Committee on Rightsizing the Executive Branch.* – A  
2 Committee on Rightsizing the Executive Branch is hereby created to oversee the  
3 implementation of the Rightsizing Program, in accordance with the provisions of this  
4 Act.

5  
6       The Committee shall be composed of the following officials or their duly-authorized  
7 representatives: the Executive Secretary as the Chairperson and the Secretary of the  
8 Department of Budget and Management (DBM) as Co-Chairperson; the Secretary of  
9 the National Economic and Development Authority (NEDA), the Chairperson of the Civil  
10 Service Commission (CSC), and the Director-General of the Anti-Red Tape Authority  
11 (ARTA), as members.

12  
13       The duly-authorized permanent representative(s) shall be at least a third (3rd)  
14 ranking official of the agency. The Committee shall be organized within fifteen (15)  
15 days from the effectivity of this Act.

16  
17       The Committee shall organize Sub-Committees, as may be necessary, composed  
18 of experts on government operations, organizational development, and human  
19 resource management to assist in the performance of its functions.

20  
21       The DBM shall provide the necessary secretariat services to the Committee and its  
22 Sub-Committees.

23  
24       In the spirit of transparency and participatory governance, the Committee shall  
25 consult the agencies concerned, accredited public sector unions and other stakeholders  
26 relative to the implementation of the Rightsizing Program provided under this Act.

27  
28       **SEC 7.** *Powers and Functions of the Committee on Rightsizing the Executive*  
29 *Branch.* – The Committee on Rightsizing the Executive Branch shall have the following  
30 powers and functions:

31  
32       (a) Develop the policies, framework, strategies, and mechanisms to be adopted  
33       in the implementation of the Executive Branch's Rightsizing Program;

34  
35       (b) Conduct studies on the functions, programs, projects, operations, structure,  
36       and manpower complement of the different agencies;

37  
38       (c) Develop and prepare the rightsized organizational structure of the agencies  
39       concerned and the corresponding executive issuances for approval by the  
40       President, in accordance with the provisions of Section 5 of this Act;



- 1 (d) Develop and prepare the overall Change Management Program, including a  
2 Communications Plan, to effectively manage the transition and ensure the  
3 smooth implementation of the Rightsizing Program;  
4
- 5 (e) Formulate the mechanisms to safeguard the welfare of employees who may  
6 be affected by the rightsizing efforts, as well as the appropriate  
7 Organizational Development Program, for the approval of the President;  
8
- 9 (f) Monitor the implementation by the different agencies of their respective  
10 approved Rightsizing Plans, and report to the President any issue that must  
11 be addressed;  
12
- 13 (g) Engage the services of experts/consultants, through the DBM, to assist the  
14 Committee and its Sub-Committees in the performance of their functions;  
15 and  
16
- 17 (h) Formulate the implementing rules and regulations (IRR) of this Act.

18 **SEC. 8. *Submission of the Rightsized Organizational Structure and Proposed***  
19 ***Executive Issuances to the President.*** – The Committee on Rightsizing the Executive  
20 Branch shall submit to the President the rightsized organizational structure of the  
21 agencies concerned and the corresponding executive issuances within two-hundred  
22 fifty (250) days from the effectivity of the IRR of this Act.  
23

24 **SEC. 9. *Submission of the Detailed Organizational Structure and Staffing to the***  
25 ***DBM.*** – Agency Heads shall prepare and submit to the DBM the detailed organizational  
26 structure and staffing of their respective agencies within ninety (90) days after the  
27 approval of the proposed executive issuances by the President.  
28

29 **SEC. 10. *Retirement Benefits and Separation Incentives for Personnel Who May***  
30 ***be Affected by the Executive Branch's Rightsizing Program.*** – The affected personnel  
31 hired on a permanent basis and with appointments attested to by the CSC shall be  
32 entitled to retirement benefits and separation incentives.  
33

- 34 (a) The affected personnel shall be given the option to avail of any of the following  
35 retirement benefits under existing laws, if qualified:  
36

- 37 (1) Retirement gratuity provided under RA No. 1616 or "An Act Further  
38 Amending Section Twelve of Commonwealth Act Numbered One  
39 Hundred Eighty-Six, as Amended, By Prescribing Two Other Modes of  
40 Retirement and for Other Purposes", as amended; or  
41

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

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

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

20  
21 (b) In addition to said retirement benefits, the affected personnel who would opt  
22 to retire or be separated shall be entitled to the following applicable separation  
23 incentives:

24  
25 (1) One-half (1/2) of the actual monthly basic salary for every year of  
26 government service, for those who have rendered less than eleven (11)  
27 years of service;

28  
29 (2) Three-fourths (3/4) of the actual monthly basic salary for every year of  
30 government service, computed starting from the 1st year, for those who  
31 have rendered eleven (11) to less than twenty-one (21) years of service;

32  
33 (3) the actual monthly basic salary for every year of government service,  
34 computed starting from the 1st year, for those who have rendered  
35 twenty-one (21) to less than thirty-one (31) years of service; and

36  
37 (4) One and one-fourth (1 ¼) of the actual monthly basic salary for every  
38 year of government service, computed starting from the first year, for  
39 those who have rendered thirty-one (31) years of service and above.  
40



1 The actual monthly basic salary shall refer to the salary of the affected  
2 personnel as of the date of approval of his/her agency's detailed  
3 organizational structure and staffing by the DBM.  
4

5 A minimum of five (5) years of government service is required for an  
6 affected personnel to be entitled to avail of the Program's separation  
7 incentives under Section 10 (b) (1) of this Act.  
8

9 *Provided,* That for the purpose of computing the total amount of  
10 separation incentives that an affected personnel would receive, only  
11 his/her government service up to age fifty-nine (59) and a fraction  
12 thereof would be counted. Government service starting at the age sixty  
13 (60) would no longer be subject to the separation incentives provided  
14 herein, without affecting the original incentive factor determined as  
15 applicable based on the actual years of service of the affected personnel.  
16

17 *Provided further,* That for the purpose of complying with the required  
18 number of years of service under RA No. 8291, the portability scheme  
19 under RA No. 7699 or "An Act Instituting Limited Portability Scheme in  
20 the Social Security Insurance Systems by Totalizing the Workers'  
21 Creditable Services or Contributions in Each of the Systems" may be  
22 applied, subject to existing policies and guidelines.  
23

24 The affected personnel, if with permanent appointment attested to by  
25 the CSC, will not opt to retire from the service, he/she shall be placed in  
26 a manpower pool to be organized and administered by the CSC. The CSC,  
27 in coordination with other government agencies and relevant private  
28 institutions, shall retool the subject affected personnel and deploy them  
29 to agencies which require their qualifications, skills and competencies.  
30 The number of personnel who will avail of the separation incentives  
31 under Section 10 (a) of this Act shall in no case exceed the number of  
32 positions declared for abolition.  
33

34 Abolished or affected positions shall not be included in the new staffing  
35 pattern of the agency. Affected personnel, in recognition of their  
36 institutional knowledge and experience, shall be given priority in hiring  
37 for any new position/s created as an effect of the rightsizing, if they are  
38 qualified for the same.  
39

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

1           **SEC. 11. *Other Benefits of Retired/Separated Personnel.*** – The affected  
2 personnel who shall be retired/separated shall, in addition to the applicable benefits  
3 provided above, be entitled to the following:

4           (a) Refund of Pag-IBIG Contributions - all affected personnel who are members of  
5 the Pag-IBIG shall be entitled to the refund of their contributions (both personal  
6 and government), pursuant to existing rules and regulations of the Home  
7 Development Mutual Fund (HDMF); and

8  
9           (b) Commutation of Unused Vacation and Sick Leave Credits - all affected personnel  
10 shall be entitled to the commutation of unused vacation and sick leave credits,  
11 in accordance with existing rules and regulations.

12           **SEC. 12. *Period of Availability of the Retirement Benefits and Separation***  
13 ***Incentives.*** – The retirement benefits and separation incentives provided in this Act  
14 shall be available within sixty (60) days upon approval by the DBM of the detailed  
15 rightsized organizational structure and staffing of agencies concerned.

16  
17           **SEC. 13. *Prohibition on Re-employment of Personnel Retired/Separated from***  
18 ***the Service.*** – Affected personnel who were retired/separated from the service as a  
19 result of the implementation of the Rightsizing Program shall not be re-employed in  
20 any agency of the National Government, including in GOCCs, for a period of five (5)  
21 years, except as teaching or medical staff in educational institutions and hospitals,  
22 respectively.

23  
24           The re-employment of retired/separated personnel under the Program within  
25 the prohibited period shall cause the refund of the separation incentives received by  
26 subject personnel under Section 10 (a) of this Act on a pro-rated basis.

27  
28           **SEC. 14. *Joint Congressional Oversight Committee on the Rightsizing Program.***  
29 – There is hereby created an Oversight Committee to oversee and monitor the  
30 implementation of this Act.

31  
32           The Oversight Committee shall be composed of five (5) members each from the  
33 Senate and from the House of Representatives, which shall include representatives of  
34 the Senate Committees on Civil Service, Government Reorganization and Professional  
35 Regulation, and Finance, and the House Committees on Civil Service, Government  
36 Reorganization and Appropriations.

37  
38           **SEC. 15. *Conduct of an Impact Assessment.*** – The DBM shall commission the  
39 conduct of an independent impact assessment on the Executive Branch's Rightsizing  
40 Program three (3) years from its completion to, among others, determine the effects  
41 of, and gains from, the implementation of the Program.

1           **SEC. 16. Report to Congress.** – The President shall submit a report to Congress  
2 on the results of the Program after the completion of its implementation.  
3

4           **SEC. 17. Sunset Provision.** – The authority given to the President under this  
5 Act, as well as the existence of the Committee on Rightsizing the Executive Branch,  
6 shall terminate after the completion of the Program.  
7

8           **SEC. 18. Implementing Rules and Regulations.** – The Committee on Rightsizing  
9 the Executive Branch shall formulate the necessary IRR within thirty (30) days from the  
10 organization of the Committee. Such rules and regulations shall take effect fifteen (15)  
11 days after its publication in a newspaper of general circulation.  
12

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

20           The heads of said offices shall issue their respective IRR and furnish a copy  
21 thereof to the Senate Committees on Civil Service, Government Reorganization and  
22 Professional Regulation, and Finance, the House Committees on Government  
23 Reorganization and Appropriations, and the DBM.  
24

25           **SEC. 20. Funding Requirements.** – The amount necessary for the initial  
26 implementation of this Act shall be sourced against any applicable appropriation items  
27 under the current General Appropriations Act. Subsequent amounts needed to continue  
28 the implementation of the National Government's Rightsizing Program shall be included  
29 in the succeeding appropriations.  
30

31           In the event that the Legislature, the Judiciary, Constitutional Commissions,  
32 Commission on Human Rights, and the Office of the Ombudsman rightsize their  
33 respective offices in accordance with the provisions of this Act, funds necessary for the  
34 purpose shall likewise be sourced from any applicable appropriations under the GAA.  
35

36           For GOCCs not covered by RA No. 10149, the amount needed for the  
37 implementation of their Rightsizing Program shall be outsourced from their respective  
38 corporate funds. In case of funding deficiency, the National Government may provide  
39 assistance in the payment of separation incentives of personnel who may be affected  
40 by the rightsizing efforts of these GOCCs, provided that their salaries and other  
41 compensation are covered by RA No. 6758 or the "Compensation and Position  
42 Classification Act of 1989", as amended.  
43



1 In case the LGUs pursue rightsizing efforts consistent with the provisions of this  
2 Act and RA No. 7160, the amount needed for the purpose shall be drawn from their  
3 respective local government funds.  
4

5 **SEC. 21. *Separability Clause.*** – If for any reason, any provision of this Act is  
6 declared invalid or unconstitutional, the remaining parts or provisions not affected shall  
7 remain in full force and effect.  
8

9 **SEC. 22. *Repealing Clause.*** – All laws, decrees, executive orders, rules and  
10 regulations, and other issuances or parts thereof which are inconsistent with this Act  
11 are hereby repealed, amended or modified accordingly.  
12

13 **SEC. 23. *Effectivity.*** – This Act shall take effect fifteen (15) days after its  
14 publication in at least two (2) newspapers of general circulation.  
15

*Approved,*