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FOR CONGRESS

CIVIL: Congressional Chief Simplicity Office

Simplicity Office Could Reduce the Cost of Government \$480 Billion

(4/14/2020, Scottsdale, AZ.) Founding father Alexander Hamilton, one of America's most financially astute innovators, advised that "the true test of good government is its aptitude and tendency to produce a good administration". Good administration is not a description of our government's stewardship. That our federal government is a \$4.8 trillion enterprise, and the most complicated and expensive administrative entity in the world, often with no results to show, it is little wonder that 80% of Americans distrust it. America needs smarter, simpler, more innovative government to streamline this muddled organization, and to compete with the rest of the world.

Candidate for Congress, Tom Lewellen, says the government is too big, too expensive, resultless and costly. Critical thinking went out along with any sensibility on how to spend our tax dollars effectively.'

We need a new legislative and executive branch culture that provides guidance in erecting simpler, more manageable regulatory, financial, and administrative processes. Given the vast system of departments, agencies, and grant programs, little effort is made to assure that what government does erect has measurable objectives for success. Our tax dollars are spent in abundance, but are they spent well? Do dollars spent translate into positive paybacks, or are dollars merely spent and then totaled as though spending was the only intent that mattered?

CIVIL recommends the establishment of a Chief Simplicity Office.

Over the last ten centuries, from Occam to Einstein, science has accepted the notion that the simplest solution is most likely the best solution. Einstein noted that "If you can't explain it to a six-year old, you don't understand it yourself." Complexity defines the tax code, the Obamacare legislative and regulatory framework, and just about any legislation. Complexity is easy. Just keep adding and adding and adding. In government, scopes expand and expand and expand. In business, new items are adding to workflows and business processes. In our personal lives, we do not have time for complexity. We prefer to "keep it simple, stupid".

All institutions fall prey to complexity. A former CEO of a major enterprise software company warned that complexity cost up to ten percent of profits. Imagine our federal government, which is nearly 200 times the size of the average Fortune 500 company, losing track of 10% of the federal budget. Thomas

Jefferson warned future generations: “The natural progress of things is for the government to gain ground and for liberty to yield”.

The Federal Government is a monied leviathan that will spend \$4.8 trillion this year and publishes between 70,000 and 80,000 pages of rules and regulations a year. As the leviathan has grown, our trust in government has plummeted to less than 20%. But as long as both parties can continue to use government spending and regulation to buy votes and power, there’s no reason to change the current culture.

The mission of a Chief Simplicity Officer (CSO) would be four-fold. [COMBINED MISSION AND CSO RESPONSIBILITIES.]

1. To propose a simplicity process for drafting any proposals or programs. There are numerous processes available, but the House needs to collaborate on acceptable rules and processes.
2. To review the House and Senate rules and make recommendations to voters and the government for changes that would simplify legislative and regulatory processes, and mandate measurable objectives for legislation so that their outcomes can be scored.
3. To institute an X-Prize to be used either at the direction of Congress or the President, or by the CSO as a tool to seek alternative solutions to be considered by the Congress/President. The CSO will review each regulation in the Federal Register, and for each needed regulation, run an X-Prize to find the simplest, least expensive solution.
4. To review every spending program and grant to evaluate whether it should be continued or terminated and measure the success of the solution or legislation with respect to the original stated goals of the initiative or law.

The X-Prize will be a great political lever to publish winning ideas, giving the voter leverage to promote best in class solutions and for legislators to reduce their dependence on lobbyists and special interests.

What might simpler solution look like for major legislation passed over the last decade?

When the Trump Administration proposed tax cuts in 2017, the objectives were to reduce taxes and simply the tax code. What happened? Congress raised the standard deduction, which reduced the number of tax filers who can itemize deductions; the tax code grew in length and complexity; and the rich reaped the greatest benefit from deductions and credits.

A more innovative approach would be to toss out the tax code and tax income at the effective tax rate, i.e. the percentage of taxes paid after deductions. The tax form would be a post card, or no card at all, and the revenues would be the same. As an example, I am in the 22% tax bracket, but with deductions, my effective tax rate is only 14%. But those deductions-are out of reach for the typical taxpayer. The biggest obstacles to tax simplification are lobbyists whose wealthy, powerful clients benefit from complexity.

The Affordable Care Act (ACA) suffers the same complexity problem. The original intent of the ACA was to ensure that citizens with pre-existing conditions could purchase insurance. Less than 1 million people were affected. Twenty thousand pages long, the ACA’s architecture was constructed with 153 committees to manage some piece of the federal monopoly, and mandates that take citizens rights away. Despite the best of intentions, this program failed under its own weight.

One simple option is for the government to pay for the policies, at a cost of \$30 billion to ~~and~~ \$50 billion. Alternatively, the government can implement federal and state risk pools to spread costs between the insurer, the patient, and the government. Either way, the needed legislation requires only a handful of pages.

Two packages of goodies - the Cornhusker Kickback (Nebraska) and the Louisiana Purchase – were crafted to buy the votes needed to pass the ACA in the Senate, and misdirected millions of taxpayer dollars away from anything having to do with the public’s health and well-being.

The Chief Simplicity Office will upgrade the legislative branch to Congress 2.0, expanding the sourcing of ideas beyond traditional special interests to involve innovators from across the country, from university students and professors to interested citizens. Awarding an X-Prize to outsiders will accelerate innovative solutions not likely to come from the last-century status quo.

In 2016, the Competitive Research Institute estimated the cost of compliance with the increasing number of regulations at \$2 trillion, or about 11% of the economy. The last couple of years, that number has dropped to \$1.85 trillion, or 8.5% of GDP. This percentage would likely go back up under a different president and political party, as there is no institution for simplifying regulation.

For the government to be effective, its scope should be well defined, with the smartest, leanest, best run footprint so that it can once again be a good administrator. The Chief Simplicity Office is one of seven government innovations that will deliver a less expensive, more effective government that is easier to manage and lead. And easier for the voter to understand.

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