

# M I N U T E S

## LEGISLATIVE COUNCIL

March 11, 1976

The tenth meeting of the 1975-1976 Iowa Legislative Council was called to order at 8:15 a.m., Thursday, March 11, 1976 in the Speaker's Room of the State House, Des Moines. Members attending the meeting were:

Speaker of the House Dale M. Cochran, Chairperson  
President Pro Tem of the Senate Minnette Doderer,  
Vice Chairperson  
Lieutenant Governor Arthur A. Neu  
Senator James E. Briles  
Senator Lucas J. DeKoster  
Senator Eugene M. Hill  
Senator George R. Kinley  
Senator Clifton C. Lamborn  
Senator William D. Palmer  
Senator Steve Sovern  
Senator Bass Van Gilst  
Representative Elmer H. Den Herder  
Representative Donald V. Doyle  
Representative Keith Dunton  
Representative Jerome Fitzgerald  
Representative William J. Hargrave  
Representative James I. Middleswart  
Representative Floyd H. Millen  
Representative Delwyn Stromer  
Representative Andrew Varley

Also in attendance were a number of legislative staff personnel and other interested persons.

Chairperson Cochran stated that the meeting had been called to consider two items. The first is the report of the Legislative Fiscal Committee relative to the Legislative Evaluation and Accountability Program (LEAP) survey proposal discussed at the Council meeting one week earlier; the second is the report of the special Council subcommittee to consider proposals made relative to the study of administration of the Title XIX (Medicaid) program which would be authorized by Senate File 1124 if it is enacted.

Chairperson Cochran recognized Representative Dunton, Chairperson of the Legislative Fiscal Committee, who reported that it is the unanimous recommendation of the Fiscal Committee that the Legislative Council approve the LEAP survey proposal as presented at the previous Council meeting by the firm of Coopers and Lybrand for a fee of \$20,000. Representative Dunton moved that the recommendation be adopted by the Council. The motion was seconded and Chairperson Cochran called for discussion.

Lieutenant Governor Neu asked that Mr. Verne Tanner of the Comptroller's Data Processing Division be permitted to comment on the proposal. Mr. Tanner stated that he would defer to Mr. Dale Nelson of his staff, who had accompanied him, for specific comments on the desirability of proceeding with the LEAP survey proposal. However, Mr. Tanner observed that at the moment he was unaware of exactly what requirements would be presented by adoption of the LEAP system, if that should be proposed, in terms of capacity and capability of the existing state data processing system, etc.

Mr. Nelson was recognized, and stated in response to questions from Lieutenant Governor Neu that he personally feels that it would be better to try to develop a system such as LEAP on an in-house basis, provided that there is in fact a long-term commitment to the sort of approach to state budgeting which is implied in the LEAP proposal.

At the request of Representative Dunton, Ms. Marilyn Farr of the Legislative Fiscal Bureau commented on her knowledge of Washington state's LEAP system. She said that the proposed survey contemplates more than just an analysis of the capability and capacity of the Comptroller's existing data processing system. She explained that there are various kinds of statistical data from different state departments and agencies which are not now being assembled in any one place, but which could be very useful to the General Assembly in terms of the overall budgeting process. She added that one reason for employing outside consultants to undertake the survey is that this firm would know the proper questions to address to various individuals and agencies in Iowa. She concluded that there had never been any thought that the Comptroller's Data Processing Division could not handle the mechanics of the LEAP system if it were decided to adopt that system, and that that determination is not what it is proposed to have Coopers and Lybrand make.

Senator Hill raised the question whether the proposed consultant survey contract would commit the General Assembly to anything further than the survey itself. Specifically, Senator Hill inquired whether the Legislative Council or the General Assembly could decide to proceed with development of a LEAP-type system on an in-house basis if the survey were undertaken and resulted in a recommendation that adoption of such a system is feasible and desirable. Ms. Farr replied in the affirmative, and Senator Hill then stated that he would support the survey proposal on that basis, because he believes the General Assembly will thereby obtain expertise not now available in Iowa state government.

Representative Varley commented that it is his impression that survey proposals such as the one under consideration often result in recommendations for further study. Ms. Farr responded that she would expect specific recommendations from Coopers and

Lybrand if the survey proposal were accepted. She added that part of the project is to examine compatibility of data from various state departments and agencies. Representative Varley remarked that it is his impression, on the basis of information he has read, that the acquisition of the LEAP system by the State of Washington is one of the biggest single sales of computer equipment and programs to a state government which has occurred.

In response to a question from Chairperson Cochran, Ms. Farr stated that the LEAP system as it is functioning in the State of Washington has the capability of continuously monitoring budget requests, appropriations, and the status of funds already appropriated. She said that, for example, it can show at once whether or not reversions are being made in accordance with law. She also expressed belief that had such a system been in operation in Iowa last year, the developing deficit in the Medicaid program would have been noticed earlier than December.

Senator Lamborn expressed the view that it would be a mistake to employ outside consultants for a survey such as that proposed by Coopers and Lybrand. He expressed confidence that this work could be carried out on an in-house basis.

In response to a question from Representative Middleswart, Mr. Tanner said that an outside consultant can probably do a survey such as that under consideration more rapidly than it could be done on an in-house basis, because the consultant would have more resources ready to be assigned to the project on an immediate basis. He added, however, that employment of an outside consultant would probably result in the state paying substantially more for the same work than it would cost to perform the work in-house.

Representative Stromer commented that subsequent to the previous Council meeting he had had the opportunity to visit with Mr. Pat Charles, the Coopers and Lybrand representative who was present at that meeting, and that on the basis of that conversation and other information which he has obtained, he is inclined to believe that the General Assembly would obtain better results by employing an outside consultant than by carrying out the proposed survey in-house. However, he stated that the Council and the General Assembly should be first quite clear as to what are the objectives of the survey. He added that he does not believe the General Assembly would be well served by what he termed "a race to see whether the Comptroller or the Legislative Fiscal Director knows the most."

In response, Senator Hill stated that the intent is to see that the Legislative Fiscal Director and the Comptroller are using the same data and further to assure that the General Assembly does not have to wait on the Comptroller to provide budget data when it is needed. Senator Hill also advocated developing uniformity of budgeting procedures throughout state government, and expressed belief that the proposed survey is well worth the \$20,000 cost.

Lieutenant Governor Neu noted that under section 2.12 of the Code, it is he and Speaker Cochran who will have to sign the contract with Coopers and Lybrand if the LEAP survey proposal is approved by the Council. He added that if he feels that the contract as presented for his signature would commit the General Assembly beyond the initial survey which has been proposed, he will not sign the contract unless the Council specifically directs him to do so.

Senator DeKoster expressed belief that what the General Assembly will obtain for the \$20,000 cost of the survey is some time, in terms of a more rapid completion of the survey, and an informed outside point-of-view. He said the question that must be answered is whether the General Assembly could obtain more, in the long run, by spending the \$20,000 for travel, etc., for employees of the State of Iowa to enable them to learn more about the system which is now operating in the State of Washington.

Lieutenant Governor Neu noted that Coopers and Lybrand do not propose to design the program for adaptation of the LEAP system in Iowa for \$20,000; what is proposed is to determine whether adaptation of the system to Iowa's needs is feasible, and what it would cost to do so. Ms. Farr commented that Coopers and Lybrand will study, among other things, the degree of similarity of different agencies' methods of accounting, budget figures, etc.

The question was called for, and Chairperson Cochran directed that a roll call vote be taken on Representative Dunton's motion to approve the Legislative Fiscal Committee's recommendation that the Coopers and Lybrand LEAP survey proposal be accepted. The motion was adopted by a vote of twelve to four, with one abstention. Those voting aye were Chairperson Cochran, Vice Chairperson Doderer, Senators Hill, Kinley, Sovern and Van Gilst and Representatives Den Herder, Doyle, Dunton, Hargrave, Middleswart and Stromer; those voting nay were Senators Briles and Lamborn and Representatives Millen and Varley; Senator DeKoster abstained. (Senator Palmer and Representative Fitzgerald were not yet present when the vote was taken.)

Chairperson Cochran again recognized Representative Dunton, who presented the report of the Subcommittee of the Council which had been appointed at the previous meeting to consider proposals made relative to the study of the administration of Iowa's Medicaid program contemplated by Senate File 1124. A copy of the Subcommittee's memorandum presenting its report is attached to and by this reference made a part of these minutes.

Representative Dunton noted that Senator Doderer has taken exception to the content of the report. Chairperson Cochran recognized Senator Doderer, who said she is not the only member of the Subcommittee who views the attached memorandum as somewhat inaccurate and yielded to Senator DeKoster to explain the matter.

Senator DeKoster expressed the view that what was agreed to by the Subcommittee at its March 9 meeting was a recommendation that further negotiations be conducted with the firm of Haskins and Sells regarding the exact terms of the contract under which the firm would conduct the proposed Medicaid administration study, and that the other prospective contractors for the study be informed that it did not appear that their proposals would serve the General Assembly's needs as well as that of Haskins and Sells. Senator DeKoster added that it was not his understanding that the Subcommittee had agreed to recommend to the Council that a contract with Haskins and Sells actually be concluded.

In the course of further discussion, Representatives Den Herder and Hargrave asserted that the Human Resources Appropriations Subcommittees need the information which would be obtained from the proposed study, and unanimously favor the proposal.

Representative Doyle expressed agreement with the position stated earlier by Senator DeKoster, and added that Senate Human Resources Committee Chairman William Gluba is making a trip to Washington, D.C. in the course of which he hopes to obtain additional information from the federal General Accounting Office regarding the possibility that that agency might participate in some manner in the proposed Medicaid administration study. Ms. Farr referred to a list of items of information with respect to which the Human Resources Appropriations Subcommittee wishes to obtain more information, which Senator Gluba will use in his discussions with the GAO.

After further discussion Representative Dunton moved that the matter of the proposed Medicaid administration study be deferred. The motion was seconded by Representative Den Herder.

Chairperson Cochran stated that he has checked with House Human Resources Appropriations Subcommittee Chairman Greg Cusack, and that Representative Cusack does not object to deferral of this matter for a relatively short time. He added that Representative Cusack had expressed the view that information which the study will provide is essential to the Appropriations Human Resources Subcommittee.

Representative Varley commented that the cost overrun in the Medicaid program for the current fiscal year is tremendous, and that it does not appear reasonable to him to believe that administrative or operating economies which might be effected could approach offsetting this overrun. He said the basic question which will have to be decided is whether the State of Iowa is going to reduce services to Medicaid recipients, or pay the cost of the present services.

In the course of further discussion Senator Doderer inquired why the House has not yet acted on S.F. 1124, which

appropriates \$70,000 for the proposed Medicaid administration study. Chairperson Cochran explained that if the Council approves the study at the \$30,000 fee proposed by Haskins and Sells, it will amend S.F. 1124 to appropriate only this amount before passing it.

Representative Dunton's motion to defer the matter was then approved by a unanimous voice vote.

The meeting was adjourned at 8:55 a.m.

Respectfully submitted,

PHILIP E. BURKS  
Senior Research Analyst

SERGE H. GARRISON  
Director