Program Budget Comparison

The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	616,245	574,853	574,095	577,255	1,191,098	1,151,350	(39,748)	(3.34%)
Operating Expenses	284,974	247,906	292,786	293,512	532,880	586,298	53,418	10.02%
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	77,050	0	0	77,050	0	(77,050)	(100.00%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$901,219**	**$899,809**	**$866,881**	**$870,767**	**$1,801,028**	**$1,737,648**	**($63,380)**	**(3.52%)**
State Special	901,219	899,809	866,881	870,767	1,801,028	1,737,648	(63,380)	(3.52%)
Total Funds	**$901,219**	**$899,809**	**$866,881**	**$870,767**	**$1,801,028**	**$1,737,648**	**($63,380)**	**(3.52%)**

Program Description

The Office of Consumer Protection (OCP) responds to consumer complaints and enforces Montana's consumer protection laws and regulations relating to unfair and deceptive business practices, including: "bait and switch," false claims, changing a contract after a sale, abusive arbitration, debt collection misconduct, door-to-door sales, telemarketing including administering Montana's do-not-call list, car and truck sales and repair including the New Vehicle Warranty Act (or Lemon Law) violations, and antitrust issues including price fixing, monopoly abuse, and restraint of trade.

OCP assists victims of identity theft and administers the state's Security Freeze Program. It provides extensive public education about consumer and telemarketing fraud and identity theft to Montana consumer groups, senior citizen organizations, law enforcement agencies, and businesses.

Program Highlights

Office of Consumer Protection Major Budget Highlights
♦ The only proposed change to the budget for this program is due to reductions in statewide present law adjustments
Major LFD Issues
♦ The fund balance in the consumer education settlement account is forecast to grow significantly and may be available to transfer to the general fund

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Office Of Consumer Protection							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	**$1,737,648**	**$0**	**$0**	**$1,737,648**	100.0%		
02140 Consumer Education Settlement	$1,737,648	$0	$0	$1,737,648	100.0%		
Total All Funds	**$1,737,648**	**$0**	**$0**	**$1,737,648**	100.0%		
Percent - Total All Sources	**100.0%**	**0.0%**	**0.0%**				

The program is funded entirely with state special revenue from the settlement of consumer protection litigation.

LFD ISSUE

Balance Transfer to General Fund

Consumer Education Settlement State Special Revenue Fund 02140				
Item	Actual FY 2012	Estimated FY 2013	Requested FY 2014	Requested FY 2015
Beginning Balance	$3,740,829	$11,516,537	$8,722,193	$11,774,951
Dusbursements:				
Office of Consumer Protection	1,116,516	6,742,599	866,881	870,767
Central Services Division	56,042	55,384	84,000	79,912
Total Disbursements	$1,172,558	$6,797,983	$950,881	$950,679
Total Revenues (per agency revenue estimates)	8,957,504	4,003,639	4,003,639	4,003,639
Revenues less Disbursements	$7,784,946	($2,794,344)	$3,052,758	$3,052,960
Adjustments	(9,238)			
Ending Balance	$11,516,537	$8,722,193	$11,774,951	$14,827,911

The above figure for fund 02140 illustrates projected expenditures, revenues, and fund balance for the consumer education settlement account. Expenses to operate the program, not including the distribution of benefits, are projected to be about $950,000 per year in the 2015 biennium. Annual revenues are projected to be about $4.0 million leaving an excess of revenue over expenses before distribution of proceeds of about $6.0 million per year throughout the 2015 biennium. With the proposed budget, the ending fund balance for the account would grow from $11.5 million at the end of FY 2012 to $14.8 million at the end of the 2015 biennium.

While sections 30-14,143 and 30-14-226, MCA contain provisions related to this state special revenue account stating that “any excess civil fines, costs, or fees must be transferred to the general fund”, no funds have been transferred. Because the statute does not specify the timing of such a transfer or define what is considered excess, compliance with the statute is a matter of interpretation. Legislation (SB 189) to clarify these statutory provisions was introduced but did not pass during the 2009 session.

Given that the ending fund balance exceeds twice the annual appropriation and exceeds the biennial appropriation for the program, the legislature may wish to request legislation to:

- Clarify the statutory provisions related to the transfer of funds from this account to the general fund
- Implement a one-time transfer to the general fund – a legal review of all settlement agreements contributing to the fund balance would be needed to verify that provisions of settlement agreements are not violated
- Deposit consumer settlement proceeds in the general fund and fund the Office of Consumer Protection from the general fund

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	901,219	901,219	1,802,438	103.73%
Statewide PL Adjustments	0	0	0	0.00%	(34,338)	(30,452)	(64,790)	(3.73%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$866,881**	**$870,767**	**$1,737,648**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(18,230)					(14,937)
Vacancy Savings					(23,920)					(24,053)
Inflation/Deflation					217					440
Fixed Costs					7,595					8,098
Total Statewide Present Law Adjustments		**$0**	**($34,338)**	**$0**	**($34,338)**		**$0**	**($30,452)**	**$0**	**($30,452)**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**($34,338)**	**$0**	**($34,338)**	**0.00**	**$0**	**($30,452)**	**$0**	**($30,452)**