

Agency Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	5.54	5.54	5.54	5.54	5.54	5.54	.00	0.00 %
Personal Services	364,167	526,208	561,173	562,226	890,375	1,123,399	233,024	26.17 %
Operating Expenses	898,741	1,009,078	1,190,412	1,200,334	1,907,819	2,390,746	482,927	25.31 %
Total Costs	\$1,262,908	\$1,535,286	\$1,751,585	\$1,762,560	\$2,798,194	\$3,514,145	\$715,951	25.59 %
State Special	1,262,908	1,535,286	1,751,585	1,762,560	2,798,194	3,514,145	715,951	25.59 %
Total Funds	\$1,262,908	\$1,535,286	\$1,751,585	\$1,762,560	\$2,798,194	\$3,514,145	\$715,951	25.59 %

Agency Description

Mission Statement: To represent the utility and transportation consuming public of the State of Montana in hearings before the Public Service Commission or any other successor agency, and before state and federal courts and administrative agencies.

The Consumer Counsel represents state-wide consumer interests in hearings before the Public Service Commission and like agencies. On behalf of the public of Montana, the counsel may initiate, intervene, and participate in appropriate proceedings before state or federal courts or administrative agencies. The Montana Consumer Counsel is part of the legislative branch and is overseen by the Legislative Consumer Committee. The Consumer Counsel is provided for by Article XIII, Section 2 of the Montana Constitution, and is governed by Title 5, Chapter 15, and Title 69, Chapters 1 and 2, MCA.

Agency Highlights

Consumer Counsel Major Budget Highlights
<ul style="list-style-type: none"> ◆ Requested funding for the agency increases by 25.6 percent between the 2009 and 2011 biennia due to: <ul style="list-style-type: none"> • Present law adjustments that fully fund positions that were vacant for all or part of the base budget year • Increases in funding to adjust for larger than anticipated cost growth of consulting and professional fees. • Maintenance of caseload contingency appropriation at \$250,000 per year

Agency Discussion

During the 2008 base year the agency has experienced \$142,697 in vacancy savings in two positions. The first position, utilities rate analyst, was unfilled during the entire 2009 biennium. This position is currently being advertised for the third time. The agency has made adjustments in the compensation package for the position in an attempt to attract qualified applicants. The second open position is currently staffed half-time by its former staffer, who had retired, until the position can be filled.

In addition to base budget appropriations for personal services and operating expenses, the Consumer Counsel is provided a caseload contingency appropriation. This fund has been appropriated \$250,000 per year for the last three biennia. The stated purpose of the contingency appropriation is for expenses due to unanticipated caseload. Expenditures attributed to the caseload contingency fund for the last three years are as follows:

- o FY2006 \$43,000
- o FY2007 \$73,886
- o FY2008 \$153,432

The 2011 biennium funding request for the agency increases by \$716,050 over the 2009 biennium. Of that amount, the increase in personal services is primarily due to fully funding the unfilled or under-filled positions in the base year. Operating expenses increase due primarily to two factors: 1) a request for \$96,568 annually to return the caseload contingency fund to \$250,000 from FY 2008 expenditures of \$153,432; and 2) a request to add additional funding for ongoing consulting and professional fees expenses that have been funded from the caseload contingency fund, and for increases in general caseload.

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

The following goals and objectives for the 2011 biennium were provided by the agency:

- o Represent Montana consumers in appropriate proceedings before the Federal Energy Regulatory Commission, Federal Communications Commission and other federal administrative agencies
- o Represent Montana consumers in appropriate state and federal court proceedings
- o Monitor proposed legislation and participate in the legislative process before the Montana Legislature and U.S. Congress for Montana consumers
- o Participate in activities that will help develop competitive markets in restructured utility industries

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table						
Administration Program						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
02000 Total State Special Funds	\$ 1,262,908	100.0%	\$ 1,751,585	100.0%	\$ 1,762,560	100.0%
02801 Dep Rev Consumer Cncl Tax	<u>1,262,908</u>	<u>100.0%</u>	<u>1,751,585</u>	<u>100.0%</u>	<u>1,762,560</u>	<u>100.0%</u>
Grand Total	<u>\$ 1,262,908</u>	<u>100.0%</u>	<u>\$ 1,751,585</u>	<u>100.0%</u>	<u>\$ 1,762,560</u>	<u>100.0%</u>

The Consumer Counsel is funded by a constitutionally earmarked tax that is levied on all regulated entities under the jurisdiction of the Public Service Commission. The funding formula is specified in 69-1-223 and 224, MCA. Each year, the Department of Revenue determines the total gross operating revenue generated by all regulated activities within the state for the previous fiscal year. The Department of Revenue then computes the percentage tax necessary to yield an amount equal to the current appropriation, with no excess funds. If collection of excess revenue occurs, the amount charged to the regulated utilities for the following year is reduced.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00 %	1,262,908	1,262,908	2,525,816	71.88 %
Statewide PL Adjustments	0	0	0	0.00 %	200,708	201,642	402,350	11.45 %
Other PL Adjustments	0	0	0	0.00 %	287,804	297,867	585,671	16.67 %
New Proposals	0	0	0	0.00 %	165	143	308	0.01 %
Total Budget	\$0	\$0	\$0		\$1,751,585	\$1,762,560	\$3,514,145	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					197,006					198,059
Inflation/Deflation					135					143
Fixed Costs					3,567					3,440
Total Statewide Present Law Adjustments					\$200,708					\$201,642
DP 1 - Present Law Base Adjustment	0.00	0	287,804	0	287,804	0.00	0	297,867	0	297,867
Total Other Present Law Adjustments	0.00	\$0	\$287,804	\$0	\$287,804	0.00	\$0	\$297,867	\$0	\$297,867
Grand Total All Present Law Adjustments					\$488,512					\$499,509

Agency Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Agency Market** – The agency target market is 100 percent as of the 2008 market survey. The agency actual market is 97 percent as of the 2006 market survey.
- **Obstacles** – The agency does not believe that they can achieve the target market ratio due to budget constraints.
- **Vacancy** – The agency has experienced high vacancy in relation to its total budgeted FTEs due to a lack of qualified applicants, but expects to fill all of the open FTEs by the end of December 2008. The agency is not subject to the 4 percent applied vacancy savings rate.
- **Position and Pay Changes** – Outside of the increases provided by HB 13, the agency increased two positions to move to market ratio goals. The 0.6 percent discretionary amount in HB 13 was allocated evenly among all positions.
- **Retirements** – For the 2011 biennium, one employee is eligible for full retirement at an anticipated compensated absence liability of \$13,660. There were no retirements in the 2009 biennium. The operational impact of retirements for the 2011 biennium is indeterminate.

DP 1 - Present Law Base Adjustment - This decision package requests \$585,671 in state special revenue including \$193,172 for the caseload contingency appropriation and \$392,499 in operational expenses, primarily consulting and professional fees. The requested amount for caseload contingency returns the total appropriation to \$250,000 annually, the amount that it has been funded for the last three biennia.

LFD COMMENT	<p>Increased Operational Costs DP 1 creates a 32.6 percent increase in the operational budget for the agency in relation to the base year budget amount. After removing the caseload contingency portion of the present law adjustments, the agency is asking for a 21.2 percent increase in operational expenses beyond the state-wide present law adjustments. Over the last three years, FY 2006-2008, the agency has used ever-increasing funds from the caseload contingency fund to deal with their operating expenses. The agency states that the requested increase in operating expenses is a correction in the base in order to prevent an increase in on-going expenses from relying on the caseload contingency appropriation.</p>
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New Proposals

Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6101 - Fixed Cost Workers Comp Management Program	01	0.00	0	165	0	165	0.00	0	143	0	143
Total	0.00	\$0	\$165	\$0	\$165	0.00	\$0	\$143	\$0	\$143	

DP 6101 - Fixed Cost Workers Comp Management Program - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.