

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	1,292,963	1,326,456	33,493	2.59 %
Operating Expenses	1,969,046	1,977,106	8,060	0.41 %
Total Expenditures	\$3,262,009	\$3,303,562	\$41,553	1.27 %
State/Other Special Rev. Funds	3,262,009	3,303,562	41,553	1.27 %
Total Funds	\$3,262,009	\$3,303,562	\$41,553	1.27 %
Total Ongoing	\$3,262,009	\$3,303,562	\$41,553	1.27 %
Total OTO	\$0	\$0	\$0	0.00 %

Mission Statement

The mission of the Montana Consumer Counsel (MCC) is 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.

For additional information, please refer to the agency profile found at: <https://leg.mt.gov/lfd/publications/>.

Agency Highlights

Montana Consumer Counsel Major Budget Highlights
<ul style="list-style-type: none"> • The 2021 biennium budget request for personal services is approximately \$33,000 or 2.6% higher than the 2019 biennium budget. This is primarily due to formula based changes for annualizing personal services costs • The 2021 biennium budget request for operating expenses is approximately \$8,000 or 0.4% higher than the 2019 biennium budget. This is primarily due to anticipated increases in rent, public hearing transcript costs, and agency subscriptions

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	5.54	5.54	5.54	5.54
Personal Services	564,451	636,860	656,103	664,074	662,382
Operating Expenses	662,739	984,499	984,547	988,010	989,096
Total Expenditures	\$1,227,190	\$1,621,359	\$1,640,650	\$1,652,084	\$1,651,478
State/Other Special Rev. Funds	1,227,190	1,621,359	1,640,650	1,652,084	1,651,478
Total Funds	\$1,227,190	\$1,621,359	\$1,640,650	\$1,652,084	\$1,651,478
Total Ongoing	\$1,227,190	\$1,621,359	\$1,640,650	\$1,652,084	\$1,651,478
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Discussion

The Montana Consumer Counsel is a single department Legislative Branch agency and is overseen by a four-member Legislative Consumer Committee. The counsel intervenes on behalf of Montana consumers in transportation and utility issues and rate cases at the state and federal level. The largest component of the Montana Consumer Counsel budget is consulting and professional services. Consultants, along with staff, analyze the public implications of the actions of transportation and utility companies.

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

The Montana Consumer Counsel’s HB 2 modified budget of \$1.6 million, comprised entirely of state special revenue funds, was 75.7% expended as of the end of FY 2018. Lower operating expenses are primarily causing the lower percentage expended. There are two contributing factors. First, the Consumer Counsel’s caseloads are determined by utility filings with the Public Service Commission and budgeted using a historical average. Additionally, the Consumer Counsel received a biennial appropriation of \$150,000 for costs associated with unanticipated caseloads. The fluctuations in the Public Service Commission filings and the unexpended caseload contingency are causing operating expenses to be low.

FY 2018 Appropriation Compared to FY 2019 Appropriation

There are slight differences between FY 2018 and FY 2019 appropriations, which are primarily in personal services. Significant differences in personal services include:

- There was a decrease in the FY 2018 appropriation of approximately \$11,000 resulting from legislative action. This reduction was to the state share contribution
- There was an increase in the FY 2019 appropriation resulting from legislative action. This change increased personal services appropriations by approximately \$6,000 for the pay plan

Executive Request

The Montana Consumer Counsel requests increases in state special revenue appropriations of approximately \$11,000 in both FY 2020 and FY 2021 above the FY 2019 base. The proposed increases are primarily due to statewide present law adjustments for personal services and present law adjustments for operating expenses. These proposals are discussed in further detail in the Present Law Adjustments section below.

LFD COMMENT	In previous biennia, the Montana Consumer Counsel has received a caseload contingency appropriation. This funding was provided for the potential of unusually large, controversial or complicated cases that require agency intervention. The 2017 Legislature approved \$150,000 in each fiscal year for caseload contingency funding and designated it as a biennial appropriation. This funding is included in the Montana Consumer
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Counsel's base budget and the legislature may wish to designate this funding as a biennial appropriation in the 2021 biennium.

Comparison of FY 2019 Legislative Budget to FY 2019 Base

Figure 1 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 Base Budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 Base Budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2021 biennium budgeting process.

Figure 1

FY 2019 Legislative Appropriations -Montana Consumer Counsel				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 Administrative Program				
61000 Personal Services	656,103	-	656,103	0.0%
62000 Operating Expenses	984,547	-	984,547	0.0%
Program Total	1,640,650	-	1,640,650	0.0%
Grand Total	1,640,650	-	1,640,650	0.0%

The Montana Consumer Counsel did not have any modifications to the budget adopted by the 2017 Legislature.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. However, due to its small number of FTE, this agency is exempt from this requirement.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into four categories, as follows:

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 2
Personal Services Present Law
DP 1 - FY 2020

Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
01 ADMINISTRATION PROGRAM	10,567	(2,596)	-	-	7,971
Agency Total	\$10,567	(\$2,596)	\$0	\$0	\$7,971

Personal services were \$656,103 or 40.0% of total FY 2019 appropriations. The Montana Consumer Counsel proposes an increase of approximately \$8,000 in FY 2020 and \$6,300 in FY 2021. The majority of these changes are due to formula based changes for annualizing personal services costs.

Funding

The following table shows proposed agency funding by source of authority.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.00 %
State Special Total	3,303,562	0	0	0	3,303,562	100.00 %
Federal Special Total	0	0	0	0	0	0.00 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$3,303,562	\$0	\$0	\$0	\$3,303,562	
Percent - Total All Sources	100.00 %	0.00 %	0.00 %	0.00 %		

The Montana Consumer Counsel is funded by state special revenue generated by fees imposed on all regulated entities under the jurisdiction of the Public Service Commission. The funding formula is specified in 69-1-223, 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.

LFD COMMENT

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.

According to the Department of Revenue, in FY 2005 the gross operating revenues were significantly higher than anticipated. This in conjunction with a few additional factors, resulted in an additional fund balance that has carried forward into following fiscal years. The Department of Revenue has made a few adjustments to the formula to work to reduce the fund balance. As shown in the table below, the fund balance has decreased by approximately \$300,000 between FY 2017 and FY 2018.

Figure 3

Montana Consumer Counsel Consumer Counsel Tax Fund Balance (02801)				
	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Fund Balance	1,360,235	1,616,378	1,389,594	1,565,261
Revenues	1,468,214	1,016,245	1,365,299	933,629
Expenses				
Personal Services	578,981	562,323	565,650	564,450
Operating Expenses	<u>633,090</u>	<u>680,706</u>	<u>623,982</u>	<u>662,895</u>
	1,212,071	1,243,029	1,189,632	1,227,345
Ending Fund Balance	<u>1,616,378</u>	<u>1,389,594</u>	<u>1,565,261</u>	<u>1,271,545</u>

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	0	0	0	0.00 %	1,640,650	1,640,650	3,281,300	99.33 %
SWPL Adjustments	0	0	0	0.00 %	8,176	6,522	14,698	0.44 %
PL Adjustments	0	0	0	0.00 %	3,258	4,306	7,564	0.23 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$1,652,084	\$1,651,478	\$3,303,562	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the 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.

Present Law Adjustments	Fiscal 2020					Fiscal 2021				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	7,971	0	7,971	0.00	0	6,279	0	6,279
DP 2 - Fixed Costs	0.00	0	53	0	53	0.00	0	54	0	54
DP 3 - Inflation Deflation	0.00	0	152	0	152	0.00	0	189	0	189
DP 4 - Present Law	0.00	0	3,258	0	3,258	0.00	0	4,306	0	4,306
Grand Total All Present Law Adjustments	0.00	\$0	\$11,434	\$0	\$11,434	0.00	\$0	\$10,828	\$0	\$10,828

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The Consumer Counsel requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

The Consumer Counsel requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The Consumer Counsel requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Present Law -

The Consumer Counsel requests state special revenue for anticipated increases in operating costs. This request is primarily due to anticipated increases in rent, public hearing transcript costs, and agency subscriptions.