

**Agency Biennium Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	1,340,486	1,367,909	27,423	2.05 %
Operating Expenses	1,974,460	2,014,669	40,209	2.04 %
Debt Service	2,916	3,332	416	14.27 %
<b>Total Expenditures</b>	<b>\$3,317,862</b>	<b>\$3,385,910</b>	<b>\$68,048</b>	<b>2.05 %</b>
State/Other Special Rev. Funds	3,317,862	3,385,910	68,048	2.05 %
<b>Total Funds</b>	<b>\$3,317,862</b>	<b>\$3,385,910</b>	<b>\$68,048</b>	<b>2.05 %</b>
<b>Total Ongoing</b>	<b>\$3,317,862</b>	<b>\$3,385,910</b>	<b>\$68,048</b>	<b>2.05 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**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.

Please refer to the agency profile for the Consumer Counsel at <https://leg.mt.gov/lfd/state-agency-profiles/montana-consumer-counsel> for additional information about the agency’s organization structure, historical expenditures, FY 2020 expenditure dashboard, and recent studies, audits, and legislation.

**Agency Highlights**

<b>Consumer Counsel Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The 2023 biennium budget request for personal services is about \$27,000 or 2.1% higher than the 2021 biennium budget. This is primarily due to expected changes for annualizing personal services costs and changes in benefits</li> <li>• The 2023 biennium budget request for operating expenses is about \$40,000 or 2.0% higher than the 2021 biennium budget. This is due to anticipated increases in rent, state information technology fixed costs, and statewide indirect costs</li> </ul>

**Agency Actuals and Budget Comparison**

The following table compares the last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	5.54	5.54	5.54	5.54
Personal Services	585,680	667,592	672,894	681,968	685,941
Operating Expenses	487,460	986,895	987,565	1,007,278	1,007,391
Debt Service	1,248	1,250	1,666	1,666	1,666
<b>Total Expenditures</b>	<b>\$1,074,388</b>	<b>\$1,655,737</b>	<b>\$1,662,125</b>	<b>\$1,690,912</b>	<b>\$1,694,998</b>
State/Other Special Rev. Funds	1,074,388	1,655,737	1,662,125	1,690,912	1,694,998
<b>Total Funds</b>	<b>\$1,074,388</b>	<b>\$1,655,737</b>	<b>\$1,662,125</b>	<b>\$1,690,912</b>	<b>\$1,694,998</b>
<b>Total Ongoing</b>	<b>\$1,074,388</b>	<b>\$1,655,737</b>	<b>\$1,662,125</b>	<b>\$1,690,912</b>	<b>\$1,694,998</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Agency Discussion**

*FY 2020 Appropriation Compared to FY 2020 Actual Expenditures*

The Consumer Counsel expended 64.9% of its \$1.7 million FY 2020 modified HB 2 budget. Personal services were 87.7% expended and operating expenses were 49.4% expended. Personal services make up 40.3% of the FY 2020 modified HB 2 budget. Spending is lower than anticipated due to staff retention related to the half time position within the agency.

Operating expenses make up 59.6% of the FY 2020 modified HB 2 budget. The low level of spending in operating expenses is due to two main causes:

- The 2019 Legislature provided the Consumer Counsel with \$150,000 in state special revenue funding in FY 2020 as a contingency for variations in caseload. Public Service Commission filings and state and federal court hearings have not required use of these funds
- The operating expenses budget includes \$840,000 for other services, which is 44.5% expended at fiscal yearend. The operating expenses include the \$150,000 in contingency funding. In previous biennia, the Consumer Counsel has contracted for professional and consulting services for expert analysis of utility cases and issues. The costs fluctuate based on the utility filings with the Public Service Commission and the need for these contracted services has been low in FY 2020.

*FY 2020 Appropriations Compared to FY 2021 Appropriations*

FY 2021 appropriations for the Consumer Counsel are slightly higher than FY 2020 mostly due to the pay plan implemented by the 2019 Legislature.

*Comparison of the FY 2021 Legislative Budget to FY 2021 Base*

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the finalized FY 2021 base budget, which included modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2021 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2023 biennium budgeting process.

Figure 1

FY 2021 Legislative Appropriations Consumer Counsel				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 ADMINISTRATIVE PROGRAM				
61000 Personal Services	672,894	-	672,894	0.0%
62000 Operating Expenses	989,231	-	989,231	0.0%
01 ADMINISTRATIVE PROGRAM Total	1,662,125	-	1,662,125	0.0%
11120 CONSUMER COUNSEL Total	1,662,125	-	1,662,125	0.0%

The Consumer Counsel did not have any modifications to the budget adopted by the 2019 Legislature.

*Executive Request*

The executive budget request for the Montana Consumer Counsel includes increases in state special revenue of about \$29,000 in FY 2022 and \$33,000 in FY 2023. The proposed increases are primarily due to statewide present law adjustments for personal services and a present law adjustment 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 is provided for the potential of unusually large, controversial, or complicated cases that require agency intervention. The 2019 Legislature approved \$150,000 in each fiscal year for caseload contingency funding and designated the appropriation as biennial. This funding is included in the Montana Consumer Counsel's FY 2021 base budget and as such is no longer designated as biennial or restricted. The legislature may wish to designate the funding as a biennial appropriation in the 2023 biennium and restrict its use to caseload contingency.

**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 three categories, as follows:

1. Expected Changes - This category includes those adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs including FY 2021 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.
2. Personal Services Management Decisions - Any agency management decisions that adjusted employee pay. 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 between programs.
3. Modifications to the Personal Services Base Budget - Other modifications to the FY 2021 personal services base like operating plan transfers that occurred during the interim may impact the overall size of the personal services present law adjustment (DP 1)

The figure below shows the analysis of the executive budget for personal services compared to the expected personal services budget for each program.

Figure 2

Personal Services Present Law DP 1 - FY 2022				
Program	Expected Changes	Management Decisions	Budget Modifications	DP1 SWPL
01 ADMINISTRATIVE PROGRAM	5,933	3,141	0	9,074
<b>Agency Total</b>	<b>\$ 5,933</b>	<b>\$ 3,141</b>	<b>\$ -</b>	<b>\$ 9,074</b>

Personal services were \$672,894 or 40.5% of the FY 2021 base budget. The Montana Consumer Counsel proposes an increase of about \$9,000 in FY 2022 and \$13,000 in FY 2023. The majority of these changes are due to expected changes for annualizing personal service costs and benefit changes.

**Funding**

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

Total Consumer Counsel Funding by Source of Authority 2023 Biennium Budget Request - Consumer Counsel							
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	3,385,910	0	0	0	3,385,910	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 %	
<b>Total All Funds</b>	<b>\$3,385,910</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,385,910</b>		
<b>Percent - Total All Sources</b>	<b>100.00 %</b>	<b>0.00 %</b>	<b>0.00 %</b>	<b>0.00 %</b>			

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 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. Figure 3 shows the revenues, expenditures, and fund balance for the state special revenue fund between FY 2018 and FY 2023.

Figure 3

Montana Consumer Counsel State Special Revenue Fund						
	Actual FY 2018	Actual FY 2019	Actual FY 2020	Budgeted FY 2021	Proposed FY 2022	Proposed FY 2023
Beginning Fund Balance	\$1,565,260	\$1,271,544	\$690,348	\$1,363,610	\$1,049,543	\$970,588
Revenue	933,629	736,128	1,751,926	1,640,000	1,640,000	1,640,000
Expenditures						
Personal Services	564,450	575,351	585,071	672,894	681,968	685,941
Operating Expenses	662,895	741,973	492,344	1,279,507	1,007,278	1,007,391
Debt Service	<u>0</u>	<u>0</u>	<u>1,249</u>	<u>1,666</u>	<u>1,666</u>	<u>1,666</u>
Total Expenditures	1,227,345	1,317,324	1,078,664	1,954,067	1,690,912	1,694,998
Ending Fund Balance	<u>\$1,271,544</u>	<u>\$690,348</u>	<u>\$1,363,610</u>	<u>\$1,049,543</u>	<u>\$998,631</u>	<u>\$915,590</u>

The higher expenditures reflected in FY 2021 are the result of carry forward appropriations of \$142,000 and biennial appropriation authority of \$300,000 for caseload contingency that was not required in FY 2020. Revenues are projected at a level slightly below the amount collected in FY 2020 thus reducing the fund balance in the 2023 biennium.

**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](#).

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	0	0	0	0.00 %	1,662,125	1,662,125	3,324,250	98.18 %
SWPL Adjustments	0	0	0	0.00 %	23,873	27,905	51,778	1.53 %
PL Adjustments	0	0	0	0.00 %	4,914	4,968	9,882	0.29 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$1,690,912</b>	<b>\$1,694,998</b>	<b>\$3,385,910</b>	

**HB 2 Language**

The Consumer Counsel has not proposed any HB 2 language.

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	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	9,074	0	9,074	0.00	0	13,047	0	13,047
DP 2 - Fixed Costs	0.00	0	14,957	0	14,957	0.00	0	14,957	0	14,957
DP 3 - Inflation Deflation	0.00	0	(158)	0	(158)	0.00	0	(99)	0	(99)
DP 4 - Operating Expenses	0.00	0	4,914	0	4,914	0.00	0	4,968	0	4,968
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$28,787</b>	<b>\$0</b>	<b>\$28,787</b>	<b>0.00</b>	<b>\$0</b>	<b>\$32,873</b>	<b>\$0</b>	<b>\$32,873</b>

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

DP 1 - Personal Services -

The executive 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:

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

The executive 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 executive 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 - Operating Expenses -

The Consumer Counsel proposes a present law adjustment to address anticipated rent, transcript, and records management cost increases for the agency.