

**Agency Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,373,950	1,402,106	28,156	2.05 %
Operating Expenses	1,935,174	2,013,555	78,381	4.05 %
Debt Service	82,601	85,097	2,496	3.02 %
<b>Total Expenditures</b>	<b>\$3,391,725</b>	<b>\$3,500,758</b>	<b>\$109,033</b>	<b>3.21 %</b>
State/Other Special Rev. Funds	3,391,725	3,500,758	109,033	3.21 %
<b>Total Funds</b>	<b>\$3,391,725</b>	<b>\$3,500,758</b>	<b>\$109,033</b>	<b>3.21 %</b>
<b>Total Ongoing</b>	<b>\$3,391,725</b>	<b>\$3,500,758</b>	<b>\$109,033</b>	<b>3.21 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Mission Statement**

The Consumer Counsel’s mission 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.

**Agency Highlights**

<b>Consumer Counsel Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The 2025 biennium budget request for personal services is about \$28,000 or 2.0% higher than the 2023 biennium budget. This is primarily due to expected changes for annualizing personal services costs and changes in benefits</li> <li>• The 2025 biennium budget request for operating expenses is about \$78,000 or 4.0% higher than the 2023 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 FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	5.54	5.54	5.54	5.54
Personal Services	483,609	682,407	691,543	698,549	703,557
Operating Expenses	328,814	967,838	967,336	999,117	1,014,438
Debt Service	40,992	40,993	41,608	42,232	42,865
<b>Total Expenditures</b>	<b>\$853,415</b>	<b>\$1,691,238</b>	<b>\$1,700,487</b>	<b>\$1,739,898</b>	<b>\$1,760,860</b>
State/Other Special Rev. Funds	853,415	1,691,238	1,700,487	1,739,898	1,760,860
<b>Total Funds</b>	<b>\$853,415</b>	<b>\$1,691,238</b>	<b>\$1,700,487</b>	<b>\$1,739,898</b>	<b>\$1,760,860</b>
<b>Total Ongoing</b>	<b>\$853,415</b>	<b>\$1,691,238</b>	<b>\$1,700,487</b>	<b>\$1,739,898</b>	<b>\$1,760,860</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Agency Discussion**

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The Consumer Counsel expended 50.5% of its \$1.7 million FY 2022 modified HB 2 budget. Personal services were 70.9% expended, operating expenses were 34.0% expended, and debt service was 100.0% expended.

Personal services make up 40.4% of the FY 2022 modified HB 2 budget. Spending is lower than anticipated due to staff turnover and vacancy savings. The previous executive director retired, and the new executive director was hired from Consumer Counsel staff at a lower salary. The new executive directors' previous position was also hired at a lower salary rate.

Operating expenses make up 57.2% of the FY 2022 modified HB 2 budget.

The low level of spending in operating expenses is due to two main causes:

- The 2021 legislature provided the Consumer Counsel with \$150,000 in state special revenue funding in FY 2022 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 \$848,708 for other services, which is 29.1% expended at fiscal year-end. 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 2022

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

FY 2023 appropriations for the Consumer Counsel are slightly higher than FY 2022 mostly due to the pay plan implemented by the 2021 legislature.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

FY 2023 Legislative Appropriations Consumer Counsel				
	Legislative Action	Executive Modifications	Base Budget	% Change
01 ADMINISTRATIVE PROGRAM				
61000 Personal Services	691,543	-	691,543	0.0%
62000 Operating Expenses	1,007,278	-39,942	967,336	-4.0%
69000 Debt Service	1,666	39,942	41,608	2,397.5%
01 ADMINISTRATIVE PROGRAM Total	1,700,487	-	1,700,487	0.0%
11120 CONSUMER COUNSEL Total	1,700,487	-	1,700,487	0.0%

The Consumer Counsel transferred \$39,942 from operating expenses to debt service as outlined in new accounting guidance for capital leases.

*Executive Request*

The executive budget request for the Consumer Counsel includes increases in state special revenue of about \$39,000 in FY 2024 and \$60,000 in FY 2025. The proposed increases are primarily due to statewide present law adjustments for personal services and operating expenses. These proposals are discussed in further detail in the Present Law Adjustments section below.

<b>LFD COMMENT</b>	In the 2023 biennium, the Consumer Counsel budget includes a caseload contingency appropriation. This funding is provided for the potential of unusually large, controversial, or complicated cases that require agency intervention. The 2021 legislature approved \$150,000 in each fiscal year for caseload contingency funding and designated the appropriation as biennial and restricted. This funding is included in the Montana Consumer Counsel's FY 2023 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 2025 biennium and restrict its use to caseload contingency.
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*5.0% Plan*

The Consumer Counsel has 5.54 FTE. Per statute, 17-7-111(3)(f), MCA, only agencies with more than 20.00 FTE are required to submit a 5.0% budget reduction plan.

*Right to Know Requests*

The Consumer Counsel has had minimal requests for public right to know information and has not expended any appropriation authority over the last biennium for the requests. The Consumer Counsel has not collected or charged for any public right to know information.

*Agency Goals and Objectives*

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

**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:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g., moving funding from operating expenses to personal services)

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

Montana Consumer Counsel Personal Services Present Law DP 1 - FY 2024				
Program	Legislative Changes	Management Changes	Total Budget Modification	DP1 FY 2024
01 ADMINISTRATIVE PROGRAM	(10,055)	17,061	-	7,006
Agency Total	\$ (10,055)	\$ 17,061	\$ -	\$ 7,006

Personal services were \$691,543 or 40.7% of the FY 2023 base budget. The Consumer Counsel proposes an increase of about \$7,000 in FY 2024 and \$12,000 in FY 2025. In FY 2022, a long-term director retired; this change in staff reduced the Consumer Counsel's overall longevity expense in personal services for the 2025 biennium budget. The majority of the management changes are due to management decisions to increase salaries for Consumer Counsel staff, including adjustments for:

- Merit
- Career ladder attainment
- Exempt staff pay increases for such reasons as market competitiveness or staff retention

**Funding**

The following table shows proposed agency funding for all sources of authority.

Total Consumer Counsel Funding by Source of Authority 2025 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	3,500,758	0	0	0	3,500,758	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>\$3,500,758</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,500,758</b>		
<b>Percent - Total All Sources</b>	<b>100.00 %</b>	<b>0.00 %</b>	<b>0.00 %</b>	<b>0.00 %</b>			

The 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. The figure below shows the revenues, expenditures, and fund balance for the state special revenue fund between FY 2020 and FY 2025.

Consumer Counsel State Special Revenue Fund						
	Actual FY 2020	Actual FY 2021	Actual FY 2022	Budgeted* FY 2023	Proposed FY 2024	Proposed FY 2025
Beginning Fund Balance	\$690,348	\$1,363,610	\$1,268,248	\$1,612,682	\$1,184,343	\$1,084,445
Revenue	1,751,926	1,102,363	1,359,376	1,640,000	1,640,000	1,640,000
Expenditures						
Personal Services	585,071	693,934	482,771	691,543	698,549	703,557
Operating Expenses	492,344	502,127	328,834	1,335,188	999,117	1,014,438
Equipment & Intangible Assets	0	0	162,346	0	0	0
Debt Service	<u>1,249</u>	<u>1,665</u>	<u>40,992</u>	<u>41,608</u>	<u>42,232</u>	<u>42,865</u>
Total Expenditures	1,078,664	1,197,726	1,014,943	2,068,339	1,739,898	1,760,860
Adjustment Amount	0	1	1	0	0	0
Ending Fund Balance	<u>\$1,363,610</u>	<u>\$1,268,248</u>	<u>\$1,612,682</u>	<u>\$1,184,343</u>	<u>\$1,084,445</u>	<u>\$963,585</u>
% Change		-7.0%	27.2%	-26.6%	-8.4%	-11.1%

Revenues were collected in FY 2021 and FY 2022 and are projected for the 2025 biennium at a level slightly below the amount collected in FY 2020, thus continuing to reduce the fund balance in the 2025 biennium. The appropriation for caseload contingency was a biennial appropriation of \$150,000 each year; in FY 2022, the appropriation was not needed and thus was continued in FY 2023. While this table shows the fund balance declining between FY 2023 and FY 2025, the reduction in the ending fund balance is contingent on full expenditure of the \$300,000 caseload contingency funds and the \$217,852 in carryforward authority included in the FY 2023 budget.

**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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	1,700,487	1,700,487	3,400,974	97.15 %
SWPL Adjustments	0	0	0	0.00 %	38,787	59,116	97,903	2.80 %
PL Adjustments	0	0	0	0.00 %	624	1,257	1,881	0.05 %
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>\$1,739,898</b>	<b>\$1,760,860</b>	<b>\$3,500,758</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 2024				Fiscal 2025					
	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	7,006	0	7,006	0.00	0	12,014	0	12,014
DP 2 - Fixed Costs	0.00	0	(16,129)	0	(16,129)	0.00	0	(15,977)	0	(15,977)
DP 3 - Inflation Deflation	0.00	0	47,910	0	47,910	0.00	0	63,079	0	63,079
DP 4 - Debt Service - Office Lease	0.00	0	624	0	624	0.00	0	1,257	0	1,257
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$39,411</b>	<b>\$0</b>	<b>\$39,411</b>	<b>0.00</b>	<b>\$0</b>	<b>\$60,373</b>	<b>\$0</b>	<b>\$60,373</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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, 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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Debt Service - Office Lease -

The executive requests for the Consumer Counsel an increase in state special revenue for a 1.5% increase in the office space rent each year of the biennium.