

# MONTANA CONSUMER COUNSEL

## Section A

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### JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

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#### -----Agencies-----

Commissioner of Political Practice  
Dept. of Administration  
Dept. of Commerce  
Dept. of Labor & Industry  
Dept. of Military Affairs  
Dept. of Revenue

Governor's Office  
Legislative Branch  
Montana Consumer Counsel  
Secretary of State  
State Auditor's Office

#### -----Committee Members-----

##### House

Representative Terry Falk (Chair)  
Representative Luke Musziewicz  
Representative Ken Walsh

##### Senate

Senator Forrest Mandeville (Vice Chair)  
Senator Derek Harvey  
Senator Tony Tezak

#### -----Fiscal Division Staff-----

Molly DelCurto  
Ethan Bergen  
Katie Guenther

**Agency Base Budget Comparison**

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	5.54	5.56	5.56	0.02	0.2%	
State/Other Special Rev. Funds	1,633,436	1,849,351	1,850,909	433,388	13.3%	
<b>Total Funds</b>	<b>1,633,436</b>	<b>1,849,351</b>	<b>1,850,909</b>	<b>433,388</b>	<b>13.3%</b>	
Personal Services	742,879	803,367	803,368	120,977	8.1%	
Operating Expenses	847,692	998,734	999,346	302,696	17.9%	
Debt Service	42,865	47,250	48,195	9,715	11.3%	
<b>Total Expenditures</b>	<b>1,633,436</b>	<b>1,849,351</b>	<b>1,850,909</b>	<b>433,388</b>	<b>13.3%</b>	
<b>Total Ongoing</b>	<b>1,633,436</b>	<b>1,849,351</b>	<b>1,850,909</b>	<b>433,388</b>	<b>13.3%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

**Agency Highlights**

<b>Consumer Counsel Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The Consumer Counsel requests appropriations for the 2027 biennium that are 13.3%, or \$433,000 higher than the FY 2025 base budget. Significant requested changes include:                             <ul style="list-style-type: none"> <li>◦ An increase of 17.9% in operating expenses, primarily due to the new proposal request of \$300,000 for a caseload contingency fund</li> <li>◦ Debt service increasing by 11.3% through a present law adjustment for an increase in anticipated rent payments</li> </ul> </li> <li>• An increase in personal services of \$121,000 over the biennium due to an increase in the cost of benefits and the change in pay rate for positions within the agency</li> </ul>

**Executive Request**

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Consumer Counsel 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>1,633,436</b>	<b>0</b>	<b>1,633,436</b>	<b>88.3%</b>	<b>0</b>	<b>1,633,436</b>	<b>0</b>	<b>1,633,436</b>	<b>88.3%</b>
Statewide PL										
Personal Services	0	58,275	0	58,275	3.2%	0	58,275	0	58,275	3.1%
Fixed Costs	0	(1,813)	0	(1,813)	(0.1%)	0	(1,760)	0	(1,760)	(0.1%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	56,462	0	56,462	3.1%	0	56,515	0	56,515	3.1%
Present Law (PL)	0	7,240	0	7,240	0.4%	0	8,744	0	8,744	0.5%
New Proposals	0	152,213	0	152,213	8.2%	0	152,214	0	152,214	8.2%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>215,915</b>	<b>0</b>	<b>215,915</b>	<b>11.7%</b>	<b>0</b>	<b>217,473</b>	<b>0</b>	<b>217,473</b>	<b>11.7%</b>
<b>Total Requested Budget</b>	<b>0</b>	<b>1,849,351</b>	<b>0</b>	<b>1,849,351</b>		<b>0</b>	<b>1,850,909</b>	<b>0</b>	<b>1,850,909</b>	

*Statewide Present Law Adjustment for Personal Services*

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) 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 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another expenditure category (e.g. moving funding from operating expenses to personal services)

More details are provided in the analysis of this decision package in the Present Law Adjustments section below.

Funding

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

Total Consumer Counsel Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
02801 Dep Rev Consumer Cncl Tax	3,700,260				3,700,260	100.0%
<b>State Special Revenue Total</b>	<b>3,700,260</b>	-	-	-	<b>3,700,260</b>	<b>100.0%</b>
<b>Federal Special Revenue Total</b>	-	-	-	-	-	<b>0.0%</b>
<b>Proprietary Fund Total</b>	-	-	-	-	-	<b>0.0%</b>
<b>Total of All Funds</b>	<b>3,700,260</b>	-	-	-	<b>3,700,260</b>	
<b>Percent of All Sources of Authority</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</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 2024 and FY 2027.

Consumer Counsel				
State Special Revenue Fund (02801)				
	Actual FY 2024	Budgeted FY 2025	Proposed FY 2026	Proposed FY 2027
Beginning Fund Balance	\$1,291,198	\$1,564,533	\$ 1,564,533	\$ 1,565,082
Revenue	1,135,540	1,633,436	1,849,900	1,851,366
Expenditures				
Personal Services	615,142	742,879	803,367	803,368
Operating Expenses	205,522	847,692	998,734	999,346
Equipment & Intangible Assets	-	-	-	-
Debt Service	<u>42,231</u>	<u>42,865</u>	<u>47,250</u>	<u>48,195</u>
Total Expenditures	862,895	1,633,436	1,849,351	1,850,909
Ending Fund Balance	<u>\$1,563,843</u>	<u>\$1,564,533</u>	<u>\$ 1,565,082</u>	<u>\$ 1,565,539</u>

The chart includes revenues that were collected in FY 2024 and are budgeted for in FY 2025, as well as the 2027 biennium. The budgeted amount is slightly higher than the amount collected in FY 2024; due to this, the fund balance is projected to increase or stay the same through the 2027 biennium. The 2023 Legislature adopted a caseload contingency within the agency as a \$150,000 restricted, biennial, one-time-only appropriation in each fiscal year. This caseload contingency was not utilized in FY 2024 and was not utilized in FY 2022 and FY 2023. This caseload contingency is included within the FY 2025 budget, as well as proposed as ongoing funding in the 2027 biennium budget. Additionally, carryforward authority of \$139,000 is included in the FY 2025 budget.

**Agency Actuals and Budget Comparison**

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	5.54	5.54	5.56	5.56
Personal Services	615,142	717,795	742,879	803,367	803,368
Operating Expenses	205,522	835,623	847,692	998,734	999,346
Debt Service	42,231	42,232	42,865	47,250	48,195
<b>Total Expenditures</b>	<b>\$862,895</b>	<b>\$1,595,650</b>	<b>\$1,633,436</b>	<b>\$1,849,351</b>	<b>\$1,850,909</b>
State/Other Special Rev. Funds	862,895	1,595,650	1,633,436	1,849,351	1,850,909
<b>Total Funds</b>	<b>\$862,895</b>	<b>\$1,595,650</b>	<b>\$1,633,436</b>	<b>\$1,849,351</b>	<b>\$1,850,909</b>
<b>Total Ongoing</b>	<b>\$862,895</b>	<b>\$1,595,650</b>	<b>\$1,633,436</b>	<b>\$1,849,351</b>	<b>\$1,850,909</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Agency Description*

The mission of the Montana Consumer Counsel 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 [here](#).

*FY 2024 Appropriations Compared to FY 2024 Expenditures*

The Montana Consumer Counsel had a FY 2024 HB 2 modified budget of \$1.6 million, which was 54.1% expended. This is slightly below the five-year Olympic average of 66.1%. There are a variety of factors that contribute to the lower-than-average percent expended in FY 2024.

Included within the HB 2 appropriations for the Consumer Counsel is a \$150,000 one-time-only, restricted, biennial appropriation as a caseload contingency; this caseload contingency was not needed in FY 2024. Along with this, the Consumer Counsel responds to cases that regulate utilities filed with the Public Service Commission and fewer filings were made in FY 2024, contributing to the decreased in expenditures.

*FY 2024 Appropriations Compared to FY 2025 Appropriations*

FY 2025 appropriations for the Montana Consumer Counsel are 2.4% higher than FY 2024 appropriations. The minor differences in the appropriations between fiscal years are due to the HB 13 pay plan addition to personal services. Additionally, the agency transferred appropriation authority from operating expenses to debt service for rent payments to comply with state accounting requirements.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Consumer Counsel				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
<b>01 ADMINISTRATIVE PROGRAM</b>				
61000 Personal Services	742,879		742,879	0.0%
62000 Operating Expenses	848,949	(1,257)	847,692	-0.1%
69000 Debt Service	41,608	1,257	42,865	3.0%
<b>Total</b>	<b>1,633,436</b>	<b>-</b>	<b>1,633,436</b>	<b>0.0%</b>
<b>Agency Total</b>	<b>1,633,436</b>	<b>-</b>	<b>1,633,436</b>	<b>0.0%</b>

In comparing the FY 2025 legislative budget to the FY 2025 base budget, the agency made one executive modification. The change that was made was the transfer of appropriations from operating expenses to debt service to accurately portray rent payments according to state accounting standards.

**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 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	58,275	0	58,275	0.00	0	58,275	0	58,275
DP 2 - Fixed Costs	0.00	0	(1,813)	0	(1,813)	0.00	0	(1,760)	0	(1,760)
DP 4 - Operating Expenses	0.00	0	2,855	0	2,855	0.00	0	3,414	0	3,414
DP 6 - Debt Service Increase	0.00	0	4,385	0	4,385	0.00	0	5,330	0	5,330
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$63,702</b>	<b>\$0</b>	<b>\$63,702</b>	<b>0.00</b>	<b>\$0</b>	<b>\$65,259</b>	<b>\$0</b>	<b>\$65,259</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 2025 biennium

Consumer Counsel				
FY 2026 Statewide Present Law Adjustment for Personal Services (DP1)				
Program	Legislative Changes	Management Changes	Budget Modifications	Total DP1
01 Administrative Program	\$ 17,355	\$ 40,806	\$ -	\$ 58,161
Agency Total	\$ 17,355	\$ 40,806	\$ -	\$ 58,161

The executive requests an increase in personal services funding for the upcoming biennium. This increase is within both legislative and management changes. Within legislative changes, this increase is due to higher cost in benefits. In management changes, this increase is primarily in hiring positions at different rates throughout the interim.

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: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 4 - Operating Expenses -

The executive requests an increase in operating expenses to address the anticipated increase in costs within the agency. This increase in operating expenses is centralized in parking fees. This request is due to a change in fee structure implemented by the Helena Parking Commission.

DP 6 - Debt Service Increase -

The executive requests an increase in FY 2026 and FY 2027 for lease payments. These increases are based on current market rates from the Department of Administration. The current right-of-use (ROU) lease for office space expires June 30, 2025.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 5 - Contingency Fund	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 7 - PB	0.02	0	2,213	0	2,213	0.02	0	2,214	0	2,214
<b>Total</b>	<b>0.02</b>	<b>\$0</b>	<b>\$152,213</b>	<b>\$0</b>	<b>\$152,213</b>	<b>0.02</b>	<b>\$0</b>	<b>\$152,214</b>	<b>\$0</b>	<b>\$152,214</b>

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

DP 5 - Contingency Fund -

The executive requests an increase in state special revenue authority for the agency's contingency fund. This authority is to be used as a caseload contingency in the event of rate cases which would require staff to be contracted by the agency.

<b>LFD COMMENT</b>	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 2023 Legislature approved \$150,000 in each fiscal year for caseload contingency funding and designated the appropriation as restricted, biennial, and one-time-only. The legislature may wish to designate the funding as a restricted, biennial and/or one-time-only appropriation in the 2027 biennium.
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DP 7 - PB -

The executive requests an increase of state special revenue for 0.02 PB. This request would provide for two additional committee members on the Legislative Consumer Committee, as outlined in SB 176 of the 2023 Legislative Session.