



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
Howard G Baldwin Jr.

April 2, 2012

Mr. Jonathan Hurst, Director
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Mr. John O'Brien, Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Mr. Hurst and Mr. O'Brien:

Enclosed is the agency's FY 2012 Monthly Financial Report as of February 2012. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

BUDGET ADJUSTMENTS

The following adjustments were made to the appropriated budget in the month of February. In total, the operating budget was decreased by \$2,926,768.

- The following adjustment was made under SB 2, Sec 24, 1st Called Session (2012-2013 GAA)
 - Strategy B.1.1 CPS Direct Delivery Staff was increased by \$10,500 to reflect the Specialty License Plates General Revenue-Dedicated account appropriation.
- The following adjustment was made under HB 1, 82nd Legislature, Regular Session, Art IX, Sec 14.01, Appropriation Transfers (2012-13 GAA)
 - \$166,312 of General Revenue was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy B.1.6 Adoption Purchased Services to cover the GR match requirement for adoption purchased services related to adoptions started in FY 2011 but not finalized and paid until this fiscal year. The agency implemented the local match requirement for adoptions that began September 1, 2011 or later. Strategy B.1.6 is funded with only federal dollars therefore GR had to be transferred from another strategy to cover this match requirement.
 - The following adjustments reverse transactions assumed in the September, 2011 report. The previous actions do not conform with Art IX, Sec 14.01, Appropriation Transfers, (e) 2:
 - ⇒ Strategy D.1.3 MH and MR Investigations – increased \$686,080 (\$526,957 General Revenue/\$159,123 Federal Funds)
 - ⇒ Strategy F.1.1 Central Administration – decreased \$795,052 (\$687,040 General Revenue/\$108,012 Federal Funds)

- ⇒ Strategy F.1.2 Other Support Services – decreased \$460,951 (\$350,959 General Revenue/\$109,992 Federal Funds)
 - ⇒ Strategy F.1.3 Regional Administration – decreased \$55,254 (\$42,439 General Revenue/\$12,815 Federal Funds)
 - ⇒ Strategy F.1.4 IT Program Support – increased \$625,177 (\$553,481 General Revenue/\$71,696 Federal Funds)
- The following adjustment was made per HB 1, 82nd Legislature, Regular Session, Art II, Special Provisions, Section 10, Limitations on Transfer Authority (2012-13 GAA)
- Strategy B.1.1 CPS Direct Delivery Staff was decreased by \$333,268 (General Revenue) to reflect the transfer of 13 FTEs to HHSC, Center for Elimination of Disproportionality and Disparities (Approval Letters: LBB - November 14, 2011; Governor's Office - November 21, 2011)
- The following adjustment was made in accordance with Art IX, Sec 8.02, Federal Funds/Block Grants (2012-13 GAA)
- Strategy B.1.10 Other CPS Purchased Services was decreased by \$2,530,382 (Federal Funds) to reflect lower actual grant award amounts than appropriated: Title IV-B, Subpart 1, Stephanie Tubbs Jones Child Welfare Services (\$2,332,038) and Title IV-B, Subpart 2, Promoting Safe and Stable Families (\$198,344).
- Adjustments in federal entitlement funds were made in the following strategies for an anticipated net decrease of \$73,618 (Art IX, Sec 8.02, Federal Funds/Block Grants (2012-13 GAA))
- Strategy A.1.1 Statewide Intake Services was increased \$628
 - Strategy B.1.1 CPS Direct Delivery Staff was decreased \$90,191
 - Strategy B.1.2 CPS Program Support was increased \$36,464
 - Strategy B.1.10 Other CPS Purchased Services was decreased \$5,343
 - Strategy D.1.1 APS Direct Delivery Staff was decreased \$8,410
 - Strategy D.1.2 APS Program Support was decreased \$1,387
 - Strategy D.1.3 MH and MR Investigations was decreased \$158,734
 - Strategy E.1.1 Child Care Regulation was decreased \$6,725
 - Strategy F.1.1 Central Administration was increased \$101,803
 - Strategy F.1.2 Other Support Services was increased \$111,122
 - Strategy F.1.3 Regional Administration was increased \$12,815
 - Strategy F.1.4 IT Program Support was decreased \$65,660

BUDGET VARIANCES

This report reflects a net agency surplus of \$2.5 million that consists of a \$5.6 million surplus in General Revenue, a \$4.0 million shortfall in TANF, a \$1.3 million surplus in Federal Capped Grant Funds, and a \$0.4 million shortfall in Other Funds.

The following is an explanation of significant projected variances by strategy:

The CPS staff strategies show a \$5.0 million General Revenue surplus due to high vacancies for the first half of the fiscal year. We began to ramp-up recruitment and hiring activity in January, and have temporarily added more caseworker positions in certain areas of the state to address high caseloads. We are starting to see a net increase in our staffing levels and attribute this to the impact on existing workers' caseloads as new workers come out of training and begin carrying caseloads.

- Strategy B.1.1 CPS Direct Delivery Staff has a projected net surplus of \$4.2 million that consists of \$8.7 million surplus in General Revenue, \$2.0 million shortfall in TANF, \$2.7 million shortfall in Federal Block Grant Funds, and \$0.1 million surplus in Other Funds.
- Strategy B.1.2 CPS Program Support has a projected surplus of \$0.8 million that consists of \$0.1 million surplus in General Revenue, \$1.2 million surplus in Federal Capped Grant Funds, and \$0.6 million shortfall in Other Funds.

The APS strategies are projected to have surplus General Revenue. Strategy D.1.1 APS Direct Delivery Staff has a projected surplus of \$0.9 million due to vacancies for the first half of the fiscal year and to more anticipated Medicaid entitlement funding than appropriated. None of these surplus funds can be used without prior written approval from the LBB and the Governor's Office. Strategy D.1.3 MH and MR Investigations has a projected surplus of \$0.7 million which is due to vacancies and to appropriated funds being more than needed to fund the operating budget for this strategy.

Foster care, adoption subsidy/PCA payments, and Relative Caregiver show a \$8.9 million shortfall made up of \$4.9 million in General Revenue and \$4.0 million in TANF. These shortfall estimates are based on the HHSC February 2012 caseload update which reduced the projected caseload for foster care and adoption/PCA subsidies from the previous update.

- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$4.0 million in TANF.
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected shortfall of \$1.9 million in General Revenue.
- Strategy B.1.13 Relative Caregiver Payments has a projected shortfall of \$3.0 million in General Revenue.

The CPS day care strategies show a shortfall of \$1.9 million based on the HHSC February 2012 caseload update which forecasts higher caseloads than appropriated for foster day care and relative day care, and a slightly lower caseload than appropriated for protective day care.

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$1.7 million in General Revenue.
- Strategy B.1.4 TWC Relative Day Care has a projected shortfall of \$0.6 million in General Revenue.
- Strategy B.1.5 TWC Protective Day Care has a projected surplus of \$0.4 million in General Revenue.

Other projected variances are occurring in CPS purchased client services. Projections are based on contract monitoring information across the state, and utilization could increase as more clients come into the system. Remaining surplus funds at the end of the fiscal year in these strategies can be used to fund other DFPS needs.

- Strategy B.1.9 Substance Abuse Purchased Services has a projected net surplus of \$0.7 million that consists of \$0.3 million in General Revenue and \$0.4 in TANF.
- Strategy B.1.10 Other CPS Purchased Services has a projected surplus of \$5.1 million that consists of \$1.3 million in General Revenue, \$1.6 million in TANF, and \$2.3 million in Federal Capped Grant Funds.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

There are no significant changes from the previous report.

OTHER KEY BUDGET ISSUES

There are no other key budget issues that have not been covered elsewhere in this letter.

CAPITAL BUDGET ISSUES

The Capital Budget schedule has been updated to reflect the appropriated funding levels for IMPACT Operational Enhancements and CLASS Operational Enhancement in accordance with DFPS Rider 2, Capital Budget. No significant variances are projected at this time.

Please contact Beth Cody at 438-3351 if you have any questions or require additional information.

Sincerely,



Cindy Brown
Chief Financial Officer

cc: Garnet Coleman, State Representative
Andria Franco, Governor's Office
Jamie Dudensing, Lieutenant Governor's Office
Julia Rathgeber, Lieutenant Governor's Office
Jennifer Deegan, Speaker's Office
Brittani Bilse, Senate Finance Committee
Sarah Hicks, Senate Finance Committee
Nelda Hunter, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Nancy Millard, Legislative Budget Board