



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
Howard G Baldwin Jr.

February 1, 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 December 2011. 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 December. In total, the operating budget was increased by \$1,270,162.

- In accordance with the letter dated September 9, 2011, (Art. II, Special Provisions, Sec. 10, Limitations on Transfers) HHSC transferred \$1,617,662 (\$1,434,332 General Revenue/183,330 federal) to DFPS for the HR/Payroll Upgrade project:
 - Strategy F.1.4 IT Program Support was increased by \$1,617,662
- Adjustments in federal entitlement funds were made in the following strategies for an anticipated net decrease of \$347,500 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
 - Strategy A.1.1 Statewide Intake Services was decreased \$1,482
 - Strategy B.1.1 CPS Direct Delivery Staff was decreased \$285,974
 - Strategy B.1.2 CPS Program Support was decreased \$9,946
 - Strategy B.1.10 Other CPS Purchased Services was increased \$5,164
 - Strategy D.1.1 APS Direct Delivery Staff was decreased \$19,549
 - Strategy D.1.2 APS Program Support was decreased \$3,547
 - Strategy D.1.3 MH and MR Investigations was decreased \$25,920
 - Strategy E.1.1 Child Care Regulation was decreased \$18,094
 - Strategy F.1.1 Central Administration was decreased \$17,853
 - Strategy F.1.2 Other Support Services was increased \$6,258

- Strategy F.1.3 Regional Administration was decreased \$83
- Strategy F.1.4 IT Program Support was increased \$23,526

BUDGET VARIANCES

This report reflects a net agency shortfall of \$8.6 million that consists of a \$3.0 million shortfall in General Revenue, a \$6.0 million shortfall in TANF, a \$0.2 million surplus in Federal Block Grant Funds, and a \$0.1 million surplus in Other Funds.

The CPS staff strategies show a \$4.1 million GR surplus due to high vacancies for the first four months of the fiscal year. We are ramping-up recruitment and hiring activity, and are temporarily adding more caseworker positions in certain areas of the state to address high caseloads. While these measures are expected to utilize the surplus in the CPS staff strategies, we do not expect to exceed our agency-wide FTE cap.

- Strategy B.1.1 CPS Direct Delivery Staff has a projected net surplus of \$3.7 million that consists of \$4.8 million surplus in General Revenue, \$0.4 million shortfall in TANF, \$0.8 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 \$0.4 million General Revenue.

The APS in-home strategies show a \$0.6 million GR surplus due partly to vacancies for the first four months 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.1.1 APS Direct Delivery Staff has a projected surplus of \$0.5 million in General Revenue. Of this amount, \$0.2 million is General Revenue freed up by anticipated Medicaid entitlement funds exceeding the amount appropriated.
- Strategy D.1.2 APS Program Support has a projected surplus of \$36,780 General Revenue. The amount of anticipated excess Medicaid entitlement funds is \$43,433; therefore, this strategy has a net General Revenue shortfall of \$6,653.

Foster care, adoption subsidy/PCA payments, and Relative Caregiver show a \$13.1 million shortfall made up of \$7.1 million in General Revenue and \$6.0 million in TANF. These shortfall estimates are based on the HHSC November 2011 caseload update which forecasts higher caseloads than appropriated.

- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$7.9 million that consists of \$1.9 million in General Revenue, and \$6.0 million in TANF.
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected shortfall of \$2.2 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 \$3.0 million based on previous forecasts and expenditure trends. These trends will be closely monitored as monthly utilization data becomes available.

- Strategy B.1.3 TWC Foster Day Care has a projected net shortfall of \$1.5 million General Revenue.
- Strategy B.1.4 TWC Relative Day Care has a projected shortfall of \$0.8 million in General Revenue.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$0.7 million in General Revenue.

One other significant projected variance is a \$1.9 million surplus in the other CPS purchased client services strategy, which is 5% of the operating budget for this strategy. This projection is based on contract monitoring information across the state. However, these surplus funds are likely to be utilized within the fiscal year as more clients come into the system.

- Strategy B.1.10 Other CPS Purchased Services has a projected surplus of \$1.9 million that consists of \$0.8 million in General Revenue, \$0.4 million in TANF, and \$0.7 million in Federal Block Grant Funds.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

Projected expenditures in the staffing strategies are based on year-to-date actual and a forecast based on fully utilizing funded positions. High vacancies in CPS continued through December, so projected surplus funds increased accordingly. There are no other significant changes from the previous report.

OTHER KEY BUDGET ISSUES

There are no other key budget issues for this report.

CAPITAL BUDGET ISSUES

There are no capital budget issues 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