



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
Howard G Baldwin Jr.

June 1, 2012

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

Ms. Ursula Parks, Acting Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Mr. Hurst and Ms. Parks:

Enclosed is the agency's FY 2012 Monthly Financial Report as of March 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 operating budget in the month of March. In total, the operating budget was decreased by \$11,068,041. Of this amount, \$11,050,169 is federal block grant funds that are being reduced from the budget because of staff vacancies and savings in purchased client services, \$2,309,495 is additional federal grant funds that are being added to the budget, \$1,151,080 is interagency contract and other receipts that are being added to the budget, and \$3,478,447 is federal entitlement funds that are being reduced from the budget.

- The following strategy transfers were made in accordance HB 1, 82nd Legislature, Regular Session, Art IX, Sec 14.01, Appropriation Transfers (2012-13 GAA). These transfers are necessary to align funding with projected needs.
 - \$136,800 (\$125,175 General Revenue; \$11,625 Federal Funds) was transferred from Strategy D.1.3 MH and MR Investigations to Strategy D.1.2 APS Program Support.
 - \$1,427,221 (\$1,040,313 General Revenue; \$386,908 Federal Funds) was transferred from Strategy F.1.4 IT Program Support to the following indirect strategies:
 - ⇒ Strategy F.1.1 Central Administration - \$614,076 (\$322,909 General Revenue; \$291,167 Federal Funds)
 - ⇒ Strategy F.1.2 Other Support Services - \$755,175 (\$669,161 General Revenue; \$86,014 Federal Funds)
 - ⇒ Strategy F.1.3 Regional Administration - \$57,970 (\$48,243 General Revenue; \$9,727 Federal Funds)

- \$229,685 (Federal Funds) was transferred from Strategy B.1.7 Post-Adoption Purchased Services to Strategy B.1.6 Adoption Purchased Services.
 - \$434,750 (\$108,688 General Revenue; \$326,062 Federal Funds) was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy B.1.6 Adoption Purchased Services.
 - \$2,043,478 (TANF Federal Funds) was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy B.1.13 Relative Caregiver Payments.
 - \$40,633 General Revenue was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy A.1.1 Statewide Intake Services.
 - \$1,958,383 General Revenue was transferred from Strategy B.1.5 TWC Protective Day Care to Strategy B.1.3 TWC Foster Day Care and Strategy B.1.4 TWC Relative Day Care.
 - ⇒ Strategy B.1.3 TWC Foster Day Care - \$1,742,763
 - ⇒ Strategy B.1.4 TWC Relative Day Care - \$215,620
 - \$135,625 (General Revenue) was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy B.1.4 TWC Relative Day Care.
 - \$2,357,123 (General Revenue) was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy B.1.12 Adoption/PCA Payments.
 - \$90,963 (General Revenue) was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy B.1.2 CPS Program Support.
- Adjustments were made for changes in federal block grants for a net decrease of \$8,740,674 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
- Surplus FFY 2012 Title IV-B, Subpart 2 - Promoting Safe and Stable Families grant funds in the amount of \$1,911,838 were reduced from the budget to be re-budgeted in FY 2013. These surplus federal funds will be utilized to offset an anticipated reduction in the FFY 2013 IV-B-2 federal grant allotment.
 - ⇒ Strategy B.1.1 CPS Direct Delivery Staff decreased \$12,743
 - ⇒ Strategy B.1.2 CPS Program Support decreased \$43,581
 - ⇒ Strategy B.1.7 Post-Adoption Purchased Services decreased \$227,940
 - ⇒ Strategy B.1.10 Other CPS Purchased Services decreased \$1,102,036
 - ⇒ Strategy C.1.6 At-Risk Prevention Program Support decreased \$112,702
 - ⇒ Strategy F.1.1 Central Administration decreased \$100,907
 - ⇒ Strategy F.1.2 Other Support Services decreased \$49,589
 - ⇒ Strategy F.1.3 Regional Administration decreased \$1,454
 - ⇒ Strategy F.1.4 IT Program Support decreased \$260,886
 - Surplus Temporary Assistance to Needy Families (TANF) funds in the amount of \$3,784,573 were reduced from the budget to be re-budgeted in FY 2013. These surplus TANF funds will be needed in FY 2013 to offset shifts in cost allocation methodologies which indicate continued erosion in the ability to claim federal entitlement funds for child protective services staffing and agency administration.
 - ⇒ Strategy B.1.9 Substance Abuse Purchased Services decreased \$440,929
 - ⇒ Strategy B.1.10 Other CPS Purchased Services decreased \$3,272,048

- ⇒ Strategy F.1.2 Other Support Services decreased \$67,095
 - ⇒ Strategy F.1.3 Regional Administration decreased \$4,501
 - A net increase of \$2,305,976 Community-Based Child Abuse Prevention Grant funding is needed to align the operating budget with specific grant year funds in order to maximize utilization of available grant balances for FY 2012 and FY 2013.
 - ⇒ Strategy C.1.4 Child Abuse Prevention Grants increased \$2,309,610
 - ⇒ Strategy C.1.6 At-Risk Prevention Program Support decreased \$3,634
 - Surplus FFY 2012 Title IV-B, Subpart 1 - Stephanie Tubbs Jones Child Welfare Services Program funds in the amount of \$4,898,257 were reduced from the budget to be re-budgeted in FY 2013. These surplus IV-B-1 funds will be needed to offset shifts in cost allocation methodologies which indicate continued erosion in the ability to claim federal entitlement funds for child protective services staffing and agency administration. In order to comply with Art. II, Rider 15(a), 82nd Legislature, Regular Session (II-41), Strategy B.1.1 CPS Direct Delivery Staff FY 2012 surplus funds will be re-budgeted to Strategy B.1.1 CPS Direct Delivery Staff in FY 2013.
 - ⇒ Strategy B.1.1 CPS Direct Delivery Staff decreased \$1,775,172
 - ⇒ Strategy B.1.9 Substance Abuse Purchased Services decreased \$109,468
 - ⇒ Strategy B.1.10 Other CPS Purchased Services decreased \$3,013,617
 - Surplus Title XX Social Services Block Grant funds in the amount of \$455,501 were reduced from the budget to be re-budgeted in FY 2013. In order to comply with Art. II, Rider 15(a), 82nd Legislature, Regular Session (II-41), Strategy D.1.1 APS Direct Delivery Staff FY 2012 surplus funds will be re-budgeted to Strategy D.1.1 APS Direct Delivery Staff in FY 2013.
 - ⇒ Strategy D.1.1 APS Direct Delivery Staff decreased \$264,185
 - ⇒ Strategy D.1.3 MH and MR Investigations decreased \$143,928
 - ⇒ Strategy E.1.1 Child Care Regulation decreased \$47,388
 - An increase in the amount of \$3,519 Child Abuse and Neglect State Grant funding is needed in Strategy B.1.2 CPS Program Support to align the operating budget with specific grant year funds in order to maximize the utilization of available grant balances for FY 2012 and FY 2013.
- The following adjustments were made under Art IX, Sec 8.03, Reimbursements and Payments (2012-13 GAA):
- Strategy B.1.2 CPS Program Support increased \$1,129,304 to budget the following interagency contract receipts:
 - ⇒ \$1,116,804 for an interagency contract with HHSC to reimburse DFPS for costs incurred related to the Children's Rights Litigation
 - ⇒ \$12,500 for interagency contracts with TJJD, TDCJ, DSHS, the University of Texas System, and Texas A&M University System (in the amount of \$2,500 per IAC) to reimburse DFPS for expenditures incurred by the Blue Ribbon Task Force

- Strategy F.1.2 Other Support Services increased \$20,776 due to a projected increase in billable costs in accordance with the interagency agreement with the Texas Workforce Commission for processing criminal background checks for listed family home applications for prospective relative child care providers.
 - Strategy B.1.8 PAL Purchased Services increased \$1,000 (Appropriated Receipts) to fund two college scholarships that will be awarded this summer through the C. Ed Davis Scholarship Fund.
- Adjustments in federal entitlement funds were made in the following strategies for an anticipated net decrease of \$3,478,447 (Art IX, Sec 8.02, Federal Funds/Block Grants (2012-13 GAA))
- Strategy A.1.1 Statewide Intake Services increased \$16,041
 - Strategy B.1.1 CPS Direct Delivery Staff decreased \$1,090,159
 - Strategy B.1.2 CPS Program Support decreased \$8,883
 - Strategy B.1.3 TWC Foster Day Care increased \$459,276
 - Strategy B.1.10 Other CPS Purchased Services increased \$1,844
 - Strategy B.1.11 Foster Care Payments decreased \$4,512,324
 - Strategy B.1.12 Adoption/PCA Payments increased \$1,583,718
 - Strategy D.1.1 APS Direct Delivery Staff decreased \$29,552
 - Strategy D.1.2 APS Program Support decreased \$1,955
 - Strategy D.1.3 MH and MR Investigations increased \$163,444
 - Strategy E.1.1 Child Care Regulation decreased \$13,076
 - Strategy F.1.1 Central Administration decreased \$36,532
 - Strategy F.1.2 Other Support Services decreased \$59,812
 - Strategy F.1.3 Regional Administration decreased \$6,725
 - Strategy F.1.4 IT Program Support increased \$56,248

BUDGET VARIANCES

This report reflects a net agency surplus of \$8.9 million that consists of a \$7.2 million surplus in General Revenue, a \$1.5 million surplus in Federal Capped Grant Funds, and a \$0.2 million surplus in Other Funds.

- Strategy B.1.1 CPS Direct Delivery Staff has a projected surplus of \$0.2 million in Other Funds. This surplus represents budgeted appropriated receipts that are not anticipated to be collected for county-shared direct delivery staff.
- Strategy B.1.2 CPS Program Support has a projected surplus of \$1.3 million in Federal Capped Grant Funds. This surplus is related to Refugee Assistance federal funds for the DFPS Unaccompanied Refugee Minor (URM) program and Chafee Foster Care Independence Program funds that are not anticipated to be spent.
- Strategy B.1.8 PAL Purchased Services has a projected surplus of \$0.2 million in Chafee Foster Care Independence Program federal funds.
- Strategy B.1.11 Foster Care Payments has a projected surplus of \$7.2 million in General Revenue. This projected surplus is based on HHSC's May Forecast update. These funds are restricted from use for other purposes, therefore they are anticipated to lapse.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

The month's report reflects the May 1, 2012 HHSC caseload and expenditure forecast for foster care, adoption/PCA payments, relative caregiver payments, and CPS day care. This update significantly reduced the caseload growth for foster care. The previous update included a \$4.0 million General Revenue shortfall for foster care, and due to recent negative trends seen in the data since the last update, this shortfall has been changed to a \$7.2 million General Revenue surplus.

Another significant change from the previous report is the decrease in the operating budget by \$11,068,041. These adjustments, as explained above, were necessary at this time to aid in the development of the FY 2013 operating budget for the upcoming legislative appropriations request document.

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 Enhancements 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
Sarah Hicks, Senate Finance Committee
Nelda Hunter, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board