



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

February 6, 2013

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

Ms. Ursula Parks, 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 2013 Monthly Financial Report as of December 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 December. In total, the operating budget was decreased by \$120,337.

- The following adjustment was made in accordance with Art. IX, Sec. 8.02, Federal Funds/Block Grants:
 - Strategy B.1.2 CPS Program Support was decreased by \$47,110 (federal funds) in order to adjust grant award levels for the Children's Justice Grant.
- The following adjustment was made in accordance with Art. IX, Sec. 8.03, Reimbursements and Payments:
 - Strategy B.1.2 CPS Program Support was decreased by \$18,751 to reflect a reduction in the Casey Family Programs (Child Welfare Initiative) contract.
- Adjustments in federal entitlement funds were made in the following strategies for an anticipated net decrease of \$54,476 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
 - Strategy A.1.1 Statewide Intake Services was decreased \$1,133
 - Strategy B.1.1 CPS Direct Delivery Staff was decreased \$6,111
 - Strategy B.1.2 CPS Program Support was increased \$40,828
 - Strategy B.1.10 Other CPS Purchased Services was decreased \$894

- Strategy D.1.1 APS Direct Delivery Staff was increased \$387
- Strategy D.1.2 APS Program Support was increased \$3,629
- Strategy D.1.3 MH and MR Investigations was increased \$392
- Strategy E.1.1 Child Care Regulation was increased \$16,456
- Strategy F.1.1 Central Administration was decreased \$39,482
- Strategy F.1.2 Other Support Services was decreased \$7,879
- Strategy F.1.3 Other Support Services was decreased \$1,684
- Strategy F.1.4 IT Program Support was decreased \$58,985

BUDGET VARIANCES

This report reflects a projected net agency surplus of \$12.6 million that consists of a \$13.5 million surplus in General Revenue, \$1.3 million surplus in federal Capped Grants, a \$2.5 million shortfall in Federal Entitlements, and \$0.3 million surplus in Other Funds.

Strategy B.1.6 Adoption Purchased Services has a projected shortfall of \$1.4 million in federal Title IV-B, Part 2 funds. Title IV-B requires a 25% match, which is met with local funds supplied by the service providers. It is anticipated that this shortfall will be covered with surplus funds in other parts of the agency's budget.

Strategy B.1.8 PAL Purchased Services has a projected surplus of \$1.1 million in federal Chafee funds. CPS is evaluating program needs and will develop a plan for utilizing these available funds. Chafee funds may only be used for PAL services and therefore cannot be transferred to other strategies where additional funds are needed.

Strategy B.1.9 Substance Abuse Purchased Services has a projected net shortfall of \$0.5 million that consists of a \$0.9 million shortfall in General Revenue and a \$0.4 million surplus in TANF. It is anticipated that this net shortfall will be covered with surplus funds in other parts of the agency's budget.

Strategy B.1.10 Other CPS Purchased Services has a projected surplus of \$8.1 million consisting of \$2.3 million General Revenue, \$4.1 million TANF, and \$1.7 million other federal funds. Part of this surplus will be used to cover the shortfalls in Strategy B.1.6 Adoption Purchased Services and Strategy B.1.9 Substance Abuse Purchased Services. CPS is evaluating program needs and will develop a plan for utilizing the remaining available funds.

The following variances are projected based on the HHSC January 2013 forecast and expenditure trends. A letter was sent to the LBB and Governor's Office on December 18, 2012 requesting approval to transfer surplus General Revenue in foster care to cover the shortfalls. That request is still pending approval.

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$4.3 million (\$1.8 million General Revenue and \$2.5 million federal Entitlement funds) due to caseload growth that was not funded in the FY 2013 appropriation.
- Strategy B.1.4 TWC Relative Day Care has a projected General Revenue shortfall of \$1.3 million due to caseload growth that was not funded in the FY 2013 appropriation.
- Strategy B.1.5 TWC Protective Day Care has a projected General Revenue shortfall of \$3.8 million due to caseload growth that was not funded in the FY 2013 appropriation.
- Strategy B.1.11 Foster Care Payments has a projected General Revenue surplus of \$15.6 million due to a lower caseload growth than assumed in the appropriation.

- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected General Revenue surplus of \$0.5 million. The forecasted expenditures are in line with the FY 2013 appropriation.
- Strategy B.1.13 Relative Caregiver Payments has a projected General Revenue shortfall of \$2.4 million due to caseload growth that was not funded in the FY 2013 appropriation.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This report reflects updated projections using expenditures trends from the first quarter of FY 2013, for all strategies except the prevention strategies in Goal C. Prevention services typically have a greater billing lag that makes it difficult to accurately project expenditures at this time.

OTHER KEY BUDGET ISSUES

There are no other key budget issues.

CAPITAL BUDGET ISSUES

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
Keith Yawn, House Appropriations Committee
Heather Fleming, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board