



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

April 2, 2013

Ms. Kate McGrath, 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 Ms. McGrath and Ms. Parks:

Enclosed is the agency's FY 2013 Monthly Financial Report as of February 2013. 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 increased by \$10,035.

- The following adjustment was made in accordance with Art. IX, Sec. 8.03, Reimbursements and Payments:
 - Strategy B.1.2 CPS Program Support was increased by \$26,250 to reflect the renewal of Casey Family contract.
- Adjustments in anticipated federal entitlement funds were made in the following strategies for a net decrease of \$16,215 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
 - Strategy A.1.1 Statewide Intake Services was decreased \$75
 - Strategy B.1.1 CPS Direct Delivery Staff was increased \$98,589
 - Strategy B.1.2 CPS Program Support was decreased \$35,688
 - Strategy B.1.10 Other CPS Purchased Services was decreased \$3,340
 - Strategy D.1.1 APS Direct Delivery Staff was decreased \$61,369
 - Strategy D.1.2 APS Program Support was increased \$118
 - Strategy D.1.3 MH and MR Investigations was decreased \$15,118
 - Strategy E.1.1 Child Care Regulation was decreased \$1,682
 - Strategy F.1.1 Central Administration was increased \$2,350

BUDGET VARIANCES

This report reflects a net agency surplus of \$17.3 million that consists of a \$16.5 million surplus in General Revenue, a \$0.2 million surplus in TANF, a \$2.7 million surplus in other federal capped grants, a \$2.4 million shortfall in federal entitlements, and a \$0.3 million surplus in other funds.

A shortfall of \$9.3 million, consisting of \$6.9 million General Revenue and \$2.4 million federal entitlement, is projected for the CPS day care strategies based on the HHSC February 2013 forecasts 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. The LBB has approved this request and approval by the Governor's Office is still pending.

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$4.1 million that consists of \$1.7 million General Revenue and \$2.4 million federal entitlement.
- Strategy B.1.4 TWC Relative Day Care has a projected shortfall of \$0.9 million General Revenue.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$4.3 million General Revenue.

Strategy B.1.8 PAL Purchased Services has a projected surplus of \$1.4 million in Chafee Foster Care Independence Program 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.1.10 Other CPS Purchased Services has a projected surplus of \$8.4 million consisting of \$0.1 million in General Revenue, \$6.9 million in TANF, and \$1.4 million in federal capped grants. Due to this projected surplus, the agency is considering reducing the budget in this strategy to help implement the federal sequestration spending cuts.

Strategy C.1.1 STAR Program has a projected surplus of \$1.1 million in Title XX. This federal funding source is impacted by the federal sequestration, so the agency is considering reducing the budget in this strategy to help implement the federal spending cuts.

Strategy D.1.1 APS Direct Delivery Staff has a projected surplus of \$2.1 million in General Revenue, based on vacancy rates and expenditure trends. Due to this projected surplus, the agency is considering reducing the Title XX budget in this strategy to help implement the federal sequestration spending cuts.

A surplus of \$10.5 million in General Revenue is projected for the following strategies, based on the HHSC February 2013 caseload update and the appropriated budget:

- Strategy B.1.11 Foster Care Payments has a projected surplus of \$12.6 million General Revenue.
- Strategy B.1.12 Adoption Subsidy Payments has a projected surplus of \$0.3 million General Revenue.
- Strategy B.1.13 Relative Caregiver Payments has a projected shortfall of \$2.4 million General Revenue. 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 this shortfall. The LBB has approved this request and approval by the Governor's Office is still pending.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

There are no significant changes to projected expenditures in this month's report.

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, Budget Director, at 438-3351 if you have any questions or require additional information.

Sincerely,



Cindy Brown
Chief Financial Officer

cc: Garnet Coleman, State Representative
Dianna Velasquez, 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