



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

May 8, 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 March 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 March. In total, the operating budget was increased by \$724,892.
- The following adjustments were made to align funding with projected agency needs under Art IX, Sec 14.01, Appropriation Transfers (2012-13 GAA):
 - \$400,000 of Title IV-B, Part 2 Promoting Safe and Stable Families was transferred from Strategy B.1.2 CPS Program Support to Strategy B.1.6 Adoption Purchased Services to cover a projected shortfall.
- The following adjustment was made in accordance with Art. IX, Sec. 8.03, Reimbursements and Payments:
 - Strategy B.1.8 PAL Purchased Services was increased by \$4,000 for the Freshman Success Fund for Foster Youth contract. This is a new scholarship fund for foster youth entering their freshman year of college or technical school funded by a grant from a private citizen.
- The following adjustments were made in accordance to Art II, Rider 6, Foster Care Payments with written approval from the Legislative Budget Board and Governor's Office for the letter dated December 18, 2012 (LBB Approval received February 21, 2013; Governor's approval received April 10, 2013):
 - \$1,803,819 of General Revenue was transferred from Strategy B.1.11 Foster Care Payments to Strategy B.1.3 TWC Foster Day Care

- \$1,292,327 of General Revenue was transferred from Strategy B.1.11 Foster Care Payments to Strategy B.1.4 TWC Relative Day Care
 - \$3,833,427 of General Revenue was transferred from Strategy B.1.11 Foster Care Payments to Strategy B.1.5 TWC Protective Day Care
 - \$2,380,332 of General Revenue was transferred from Strategy B.1.11 Foster Care Payments to Strategy B.1.13 Relative Caregiver Payments
- Adjustments in anticipated federal entitlement funds were made in the following strategies for a net increase of \$720,892 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
- Strategy A.1.1 Statewide Intake Services was decreased \$155
 - Strategy B.1.1 CPS Direct Delivery Staff was decreased \$63,196
 - Strategy B.1.2 CPS Program Support was increased \$19,182
 - Strategy B.1.3 TWC Foster Day Care was increased \$2,106,496
 - Strategy B.1.10 Other CPS Purchased Services was decreased \$480
 - Strategy B.1.11 Foster Care Payments was decreased \$1,795,416
 - Strategy B.1.12 Adoption Subsidy/PCA Payments was increased \$481,088
 - Strategy D.1.1 APS Direct Delivery Staff was increased \$8,028
 - Strategy D.1.2 APS Program Support was decreased \$824
 - Strategy D.1.3 MH and MR Investigations was decreased \$10,545
 - Strategy E.1.1 Child Care Regulation was increased \$774
 - Strategy F.1.1 Central Administration was decreased \$23,144
 - Strategy F.1.2 Other Support Services was decreased \$2,721
 - Strategy F.1.3 Regional Administration was increased \$1,014
 - Strategy F.1.4 IT Program Support was increased \$791

BUDGET VARIANCES

This report reflects a net agency surplus of \$22.5 million that consists of a \$18.2 million surplus in General Revenue, a \$0.5 million surplus in TANF, a \$3.5 million surplus in other federal capped grants, and a \$0.3 million surplus in other funds.

Strategy B.1.4 TWC Relative Day Care has a projected surplus of \$1.1 million General Revenue, based on the HHSC April 2013 forecasted caseload update. These funds are available to cover needs in other areas of the agency's budget.

Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$2.8 million General Revenue based on the HHSC April 2013 forecasted caseload update. This shortfall will be covered by surplus funds in other strategies.

Strategy B.1.8 PAL Purchased Services has a projected surplus of \$1.4 million in Chafee Foster Care Independence Program funds. CPS has concluded a review of program needs and additional regional allocations will be completed by the end of May. 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 \$10.5 million consisting of \$0.5 million in General Revenue, \$7.5 million in TANF, and \$2.5 million in federal capped grants. The agency is considering reducing the budget in this strategy to help implement the federal sequestration spending cuts. The remaining surplus funds are available to cover needs in other areas of the agency's budget.

Strategy B.1.11 Foster Care Payments has a projected surplus of \$3.6 million General Revenue based on the HHSC April 2013 forecasted caseload update. H.B. 1025, a supplemental appropriation bill for FY 2013 currently being considered by the 83rd Legislature, will most likely reduce the agency's General Revenue appropriation by this projected surplus amount.

Strategy C.1.1 STAR Program has a projected surplus of \$1.1 million in General Revenue. These funds are available to cover needs in other areas of the agency's budget.

Strategy D.1.1 APS Direct Delivery Staff has a projected surplus of \$3.0 million consisting of \$1.1 million General Revenue and \$1.9 million Title XX, based on vacancy rates and expenditure trends. The agency is considering reducing the budget in this strategy to help implement the federal sequestration spending cuts.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This month's report reflects the HHSC April 2013 forecasted caseload and expenditure update for foster care, adoption subsidies, Permanency Care Assistance subsidies, Relative Caregiver monetary assistance, and the CPS day care programs.

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

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Heather Fleming, House Appropriations Committee

Melitta Berger, Legislative Budget Board

Shaniqua Johnson, Legislative Budget Board