



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

March 15, 2016

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

Ms. Constance Allison, Policy Director
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Mr. Drew DeBerry, Budget and Policy 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. Ash, Ms. Allison, Mr. DeBerry, and Ms. Parks:

Enclosed is the agency's FY 2016 Monthly Financial Report as of January 2016. 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 January. In total, the operating budget was decreased by \$2,746,908.

- Article IX, Section 13.01 - Federal Funds/Block Grants (Net Decrease of \$2,746,908):
 - ❖ Entitlement Federal Funds (Net Decrease of \$2,746,908):
 - Strategy B.1.2 CPS Program Support was increased by \$5,425
 - Strategy B.1.3 TWC Purchased Day Care Services was increased by \$369,047
 - Strategy B.1.9 Foster Care Payments was decreased by \$2,788,809
 - Strategy B.1.10 Adoption Subsidy/PCA Payments was decreased by \$332,571

- Article IX, Section 14.01 – Appropriation Transfers:
 - \$14,007 in General Revenue Funds was transferred from Strategy B.1.7 Substance Abuse Purchased Services to B.1.2 CPS Program Support to fund Children's Rights Litigation appeal costs.

BUDGET VARIANCES

This report reflects a net agency shortfall of \$12.6 million consisting of a \$14.6 million shortfall in General Revenue, \$0.5 million surplus in Capped Grants and TANF with a \$1.6 million surplus in Other Funds.

Previous reports assumed that staff-related program activities were fully staffed at the appropriated FTE level using DFPS annualized estimated costs per FTE. This current report reflects projected expenditures based on unfilled FTE trends. Significant budget variances are identified below.

- Strategy A.1.1 Statewide Intake Services has a projected shortfall of \$0.4 million General Revenue. This shortfall is because the allocated portion of DFPS Central Fund projected expense to SWI exceeds the portion of the budget allotted for this purpose.
- Strategy B.1.1 CPS Direct Delivery Staff has a projected surplus of \$3.3 million consisting of \$1.8 million in General Revenue and \$1.5 million of Other Funds. Because vacant FTE cap positions continue, it is projected that the strategy will end the year with a surplus.
- Strategy B.1.4 Adoption Purchased Services has a projected shortfall of \$1.8 million in General Revenue. It is anticipated that this shortfall can be reduced, if not fully mitigated, by increasing the strategy utilizing the Adoption and Legal Guardianship Incentive Bonus. This adjustment will be reflected in a future report.
- Strategy B.1.7 Substance Abuse Purchased Services has a projected shortfall of \$1.1 million in General Revenue. DFPS has staffed a focus group to research regional drug-testing processes and protocols in an effort to reduce these costs. Additionally, direct delivery staff are receiving targeted substance abuse training so that caseworkers authorize the most appropriate type of drug test to achieve casework objectives.
- Strategy B.1.8 Other CPS Purchased Services has a projected shortfall of \$1.1 million in General Revenue based on current expenditure trends.
- Strategy C.1.5 Other At-Risk Prevention has a projected surplus of \$1.3 million in General Revenue. This surplus is primarily due to delays in new contract start-up.
- Strategy D.1.1 APS Direct Delivery Staff has a projected surplus of \$0.6 million in General Revenue. The surplus is primarily due to vacant FTEs.
- Strategy E.1.1 Child Care Regulation has projected surplus of \$2.5 million consisting of \$2.4 million in General Revenue and \$0.1 million in TANF and Other funds combined. The surplus is primarily due to vacant FTEs. These surplus funds may be utilized to offset shortfalls elsewhere in the agency.
- Strategy F.1.1 Central Administration has a projected surplus of \$0.8 million in General Revenue. This surplus is due to vacant FTEs.

The following General Revenue variances are projected based on the HHSC February 2016 caseload and expenditure forecast:

- Strategy B.1.3 TWC Purchased Day Care Services has a projected shortfall of \$3.2 million.
- Strategy B.1.9 Foster Care Payments has a projected shortfall of \$14.3 million.
- Strategy B.1.10 Adoption Subsidy/PCA Payments has a projected shortfall of \$0.7 million.
- Strategy B.1.11 Relative Caregiver Monetary Assistance Payments has a projected surplus of \$0.2 million.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

When comparing the HHSC February 2016 forecast to the November 2015 forecast, shortfalls have been reduced. However, based on recent indicators, it is expected that the April 2016 forecast will reflect higher shortfalls than February.

OTHER KEY BUDGET ISSUES

None not addressed above.

CAPITAL BUDGET ISSUES

None.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Please contact Beth Cody, Deputy Chief Financial Officer, at 438-3351 if you have any questions or require additional information.

Sincerely,



Lisa Subia
Chief Financial Officer

cc: Garnet Coleman, State Representative
Allison Billodeau, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Heather Fleming, Speaker's Office
Shannon Ghangurde, Senate Finance Committee
Stacey Gilliam, Senate Finance Committee
Hunter Thompson, House Appropriations Committee
Kyler Arnold, House Appropriations Committee
Liz Prado, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board
Rob Coleman, Director of Fiscal Management