



## TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER  
John J. Specia, Jr.

June 6, 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 March 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 March. In total, the operating budget was increased by \$1,062,256.

- Article IX, Section 13.01 - Federal Funds/Block Grants (Net Increase of \$1,062,256):
  - ❖ Block Grants/Capped Titles (Net Increase of \$693,034):
    - Strategy C.1.4 Child Abuse Prevention Grants was increased by \$693,034
  - ❖ Entitlement Federal Funds (Net Increase of \$369,222):
    - Strategy A.1.1 Statewide Intake Services was increased by \$2,873
    - Strategy B.1.3 TWC Purchased Day Care Services was decreased by \$1,244

- Strategy B.1.8 Other CPS Purchased Services was decreased by \$2,902
- Strategy B.1.9 Foster Care Payments was increased by \$134,534
- Strategy B.1.10 Adoption Subsidy/PCA Payments was increased by \$90,185
- Strategy D.1.1 APS Direct Delivery Staff was increased by \$88,280
- Strategy D.1.2 APS Program Support was decreased by \$13,982
- Strategy E.1.1 Child Care Regulation was increased by \$74,929
- Strategy F.1.1 Central Administration was decreased by \$33,850
- Strategy F.1.2 Other Support Services was decreased by \$17,324
- Strategy F.1.3 Regional Administration was decreased by \$1,245
- Strategy F.1.4 IT Program Support was decreased by \$174,702
- Strategy G.1.1 Agency-Wide Automated Systems was increased by \$223,670

## BUDGET VARIANCES

This report reflects a net agency shortfall of \$16.4 million consisting of a \$19.7 million shortfall in General Revenue, \$1.6 million surplus in Capped Grants and TANF, and \$1.7 million surplus in Other Funds.

The 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 \$0.7 million General Revenue. This shortfall is due to the allocated portion of DFPS Central Fund projected expenses to SWI exceeding 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 in Other Funds. This surplus is due to the continuation of vacant FTE cap positions.
- 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 \$1.5 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 C.1.4 Child Abuse Prevention Grants has a projected surplus of \$1.0 million in Capped Grants. This surplus is primarily due to delays in new contract start-up.
- 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 \$0.2 million consisting of a \$0.2 million surplus in General Revenue. The surplus is primarily due to vacant FTEs.
- Strategy D.1.2 APS Program Support has a projected surplus of \$0.4 million in General Revenue. The surplus is primarily due to vacant FTEs.
- Strategy E.1.1 Child Care Regulation has projected surplus of \$2.2 million consisting of \$2.1 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 \$1.1 million in General Revenue. This surplus is due to vacant FTEs.

- Strategy F.1.2 Other Support Services has a projected surplus of \$0.6 million consisting of \$0.5 million in General Revenue and \$0.1 million in TANF and Other Funds. This surplus is due to vacant FTEs.
- Strategy F.1.3 Regional Administration has a projected surplus of \$0.1 million in General Revenue. This surplus is due to vacant FTEs.
- Strategy F.1.4 IT Program Support has a projected surplus of \$1.4 million in General Revenue. This surplus is due to vacant FTEs.

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

- Strategy B.1.3 TWC Purchased Day Care Services has a projected shortfall of \$6.4 million.
- Strategy B.1.9 Foster Care Payments has a projected shortfall of \$18.3 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 April 2016 forecast to the February 2015 forecast, shortfalls have increased primarily in Foster Care and Day Care.

#### OTHER KEY BUDGET ISSUES

TWC Purchased Day Care Services – The agency has eliminated the 10-day waiting period for Protective Day Care Services. This report reflects the fiscal impact resulting from this policy change as well as caseload growth in daycare.

DFPS is evaluating options to address projected strategy shortfalls for FY 2015 and FY 2016.

#### CAPITAL BUDGET ISSUES

Adjustment 2 for Project #4 (Class Upgrades) is reflected as a separate capital project (Project #7, Child Care Licensing Fee Collection) in Fiscal Size-up. Re-numbering of all projects and the adjustment will be reflected in the April report.

#### STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Letter Topic Appropriation Year 2016	HHSC/DFPS Letter Date	Approval/Response Received by June 1, 2016	
		LBB	Governor
Request to fund Strategy B.1.12 Title IV-E Waiver	March 7, 2016	N	N

Please contact Norton Teutsch, Budget Director, at 438-2939 if you have any questions or require additional information.

Ky Ash, Constance Allison, Drew DeBerry, and Ursula Parks

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Sincerely,



Lisa Subia

Chief Financial Officer

cc: Garnet Coleman, State Representative  
Allison Billoreau, 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