



Texas Department of Family and Protective Services

Commissioner
Stephanie Muth

June 1, 2023

Ms. Sarah Hicks, Senior Advisor and Budget Director
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Mr. Jerry McGinty, Director of Legislative Budget Board
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Ms. Hicks and Mr. McGinty:

Enclosed is the agency's FY 2023 Monthly Financial Report as of April 2023. 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.

Schedules are updated to meet the reporting requirements in Rider 6, Other Reporting Requirements. A.1.1, Statewide Intake Services, and D.1.1, APS Direct Delivery Staff, are added to Schedule 11, which provides 5-year detail of actual and projected expenditure information by Object of Expense and Method of Finance. Also, in accordance with Rider 6, Other Reporting Requirements, Statewide Intake performance measures are included in Schedule 9, Select Performance Measures. Revenue for Object Code 3770, Administrative Penalties, is included in the Revenue Schedule for Appropriated Receipts (0666) to meet the requirements for Rider 30, Contractor Penalties and Incentives.

BUDGET ADJUSTMENTS

The budget adjustments listed below apply to the appropriation year 2023 as of the end of April 2023. Adjustments to Department of Family and Protective Services (DFPS) appropriation pattern as detailed in the Conference Committee version of S.B.1, 87th Legislature, Regular Session are described below:

- A. This adjustment reflects supplemental funding for Foster Care Capacity Improvement appropriated under HB 5, 87th Leg, Second Called Session, 2021, Sec.11.52.

- B. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Article IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements. Total amounts by CFDA are listed below.

93.090.050-Title IV-E Guardianship Assistance - Administration (\$84,570)
93.658.050-Title IV-E Foster Care – Administration (\$10,294,668)
93.658.075-Title IV-E Foster Care-Training-75% \$1,658,448
93.659.050-Title IV-E Adoption Assistance - Administration (\$478,809)
93.659.075-Title IV-E Adoption Assistance-Training-75% \$1,437
93.778.003-Medical Assistance Program 50% \$4,377,317

- C. Pursuant to Article IX, Sec 13.01, Federal Funds/Block Grants, adjustments have been made to align federal funds/block grants with award amounts and re-budget federal funds/block grants between FY22 and FY23. Total amounts by CFDA are listed below.

93.434.000 - ESSA PRESCHOOL DEV GRANT PROP \$5,594,538
93.556.003 – Title IV-B, Part 2 – Kinship Navigator \$1,851,454
93.556.005 – Title IV-B, Part 2 – FFTA \$14,952,687
93.556.119 – IVB Pt 2 – Coronavirus \$0
93.590.000 – Community-Based Child Abuse Prevention Grants – \$1,219,332
93.590.119 – CBCAP, Coronavirus \$7,339,590
93.599.000 – Title IV-E ETV \$18,909
93.599.119 – Title IV-E ETV Coronavirus \$680,546
93.669.000 – Child Abuse and Neglect State Grants \$3,658,237
93.669.119 – CAPTA HR 1319, Coronavirus \$6,272,302
93.674.000 – Chafee Foster Care Independence Program (\$480,994)
93.674.119 – IVE Ind Liv – Coronavirus Relief \$2,500,000
93.747.119 – Elder Abuse Prevention Program, Coronavirus \$17,369,952
93.870.000 – Home Visiting Grant – Formula \$2,373,183
93.870.119 – Home Visiting Grant, Coronavirus \$3,398,364
93.558.119 – Temporary Assistance for Needy Families Pandemic Emergency \$425,000

- D. This adjustment reflects changes in estimated interagency contracts pursuant to Article IX, Sec 8.02, Reimbursements and Payments.
- G. This adjustment reflects changes in estimated gift revenue collected pursuant to Article IX, Sec 8.01, Acceptance of Gifts of Money.
- I. Pursuant to Article IX, Sec. 18.65. Contingency for Senate Bill 1896 (2022-23 GAA), this adjustment reflects CBC Transition Strategy Transfer and additional appropriation for temporary emergency placement purposes.
- J. This adjustment reflects additional budget appropriated under Article II, Special Provision Related to All Health and Human Services Agencies, Sec. 26 (2022-23 GAA).

- K. This adjustment reflects additional budget appropriated under Article IX, Sec. 17.29 Family Finding Collaboration Funding (2022-2023 GAA).
- M. Pursuant to Article II, Special Provisions Relating to All Health and Human Services Agencies, Sec 9 (2022-23 GAA), this adjustment reflects the transfer between Health and Human Services and DFPS related to system support services, (letter dated 4/1/2022, HHSC-2022-N-692).
- P. Pursuant to Article II, Rider 30, Contractor Penalties and Incentives (2022-23 GAA), this adjustment reflects the estimated revenue to be utilized for awarding incentives to contractors who exceed contractually specified performance outcomes.
- S. Pursuant to Art IX, Sec 14.03(i), Limitation on Expenditures - Capital Budget UB (2022-23 GAA), this adjustment reflects the carry forward of funds from FY2022 to FY2023.
- T. Pursuant to Article II, Rider 9, Appropriation Transfer Between Fiscal Years, this adjustment reflects a carry back of General Revenue funds from fiscal year 2023 to fiscal year 2022 in Strategy B.1.9, Foster Care Payments. (DFPS-2022-A-0004).
- V. Pursuant to Article II, House Bill 2, Regular Session, 2021, Sec 65, this adjustment reflects the carry forward of funds from FY 2022 to FY 2023 related to IMPACT upgrades.
- Y. Pursuant to Article IX, Sec. 14.05 Unexpended Balance Authority Between Fiscal Years within the Same Biennium, this adjustment reflects the carry forward of General Revenue in Strategy B.1.1, CPS Direct Delivery from fiscal year 2022 to fiscal year 2023. (DFPS-2022-A-0005).
- Z. Pursuant to Article II, Rider 27, Limitations: Community Based Care Payments, this adjustment reflects the realignment of appropriations within the CPS Direct Delivery Staff from DFPS legacy staffing to CBC programs. (DFPS-2022-A0005).
- AB. Pursuant to Article II, Rider 5, Foster Care Capacity Improvement, this adjustment reflects the carry forward of unallocated General Revenue related to providing targeted foster care capacity grants across this state to address the existing foster care capacity shortage.
- AD. Pursuant to Art IX, Sec 13.09, Temporary Assistance for Needy Families (TANF), Social Services Block Grant (SSBG), or Child Care and Development Block Grant (CCDBG) (2022-23 GAA), this adjustment reflects the additional expending of CCDBG fund. (DFPS-2023-A-002)

BUDGET VARIANCES

Schedules 1, 4, and 5 of this report reflect the agency's current projections for program expenditures, the 2023 Conference Committee forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program as well as an entitlement budget adjustment for the enhanced FMAP. Projections for forecasted programs have been further adjusted to reflect anticipated general revenue savings from the enhanced FMAP rates approved through the CARES Act, which will be phased-down through the end of the calendar year.

The agency has also increased projections to account for federal funds received under HR 748: Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) and HR 133: Consolidated Appropriations Act, 2021 (Public Law 116-260).

This report reflects an agency surplus of \$79.6 million all funds consisting in a shortfall of \$37.2 million in General Revenue and a surplus of \$116.8 million in Federal Funds.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
 - 8008 – GR Title IV-E – FMAP
 - 93.558 – Temporary Assistance to Needy Families (TANF)
 - 93.575 – Child Care and Development Block Grant
 - 93.090.050 – Title IV-E Guardianship Assistance – Administration
 - 93.556.005 – Title IV-B, Part 2 Promoting Safe and Stable Families - FFTA
 - 93.658.050 – Title IV-E Foster Care – Administration
 - 93.658.060 – Title IV-E Foster Care – FMAP
 - 93.659.050 – Title IV-E Adoption Assistance

- Appropriations for which expense is projected to exceed the adjusted budget are reflected as a negative variance:
 - 0001 – General Revenue
 - 0758 – GR – Medicaid Match
 - 93.090.060 – Title IV-E Guardianship Assistance – FMAP
 - 93.659.060 – Title IV-E Adoption Assistance – FMAP

The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$20.9 million lapse.
- Non-Entitlement Programs - \$58.2 million shortfall.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

Expenditure projections have been updated to reflect trends through the first eight months of FY 2023 and anticipated costs for the remainder of the fiscal year, including a forecast update for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and Relative Other Designated Caregiver program. The forecast includes updating the end date for enhanced FMAP rates to the end of calendar year 2023 and incorporates changes in expense type for the Foster Care Payment strategy.

OTHER KEY BUDGET ISSUES

Additional funding appropriated under Article II, Sec. 26, Article IX, Sec. 17.29, and Article IX, Sec. 18.65 are reflected in this report. Supplemental Funding for Foster Care Capacity Improvements appropriated under HB 5, 87th Leg, Second Called Session, 2021, Sec. 11.52 is also reflected.

CAPITAL BUDGET ISSUES

The budget in Schedule 8 (Capital Projects) reflects the DFPS 2022-2023 capital appropriation levels. Future adjustments will be reflected in Monthly Financial Reports as revenues are realized and/or actual adjusting entries are processed in the Uniform State Accounting System.

- B. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements.
- S. Pursuant to Art IX, Sec 14.03(i), Limitation on Expenditures - Capital Budget UB (2022-23 (GAA), this adjustment reflects the carry forward of funds from FY2022 to FY2023 related to IMPACT, Seat Management and Data Center Consolidation upgrades.
- V. Pursuant to Article II, House Bill 2. Regular Session, 2021, Sec 65, this adjustment reflects the carry forward of funds from FY 2022 to FY 20233 related to IMPACT upgrades.

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STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Schedule 10 contains a full listing of request for approval and notifications that DFPS has submitted for the fiscal year. The items listed below are pending approval.

Letter Topic Appropriation Year	HHSC/DFPS Letter Date	LBB	Governor
Request Approval to Pay the Community-Based Blended Foster Care Rate at Statewide average blended rate [DFPS-2023-A-003]	November 16, 2022	-	-
Request to transfer funds for Fiscal Year 2022 and 2023 to address funding Needs [DFPS-2023-A-005]	March 27, 2023	-	-

Please feel free to contact me at 512-919-7463 if you have any questions or require additional information.

Sincerely,



Scott A Greer
Budget Director

cc: Madelyn Fletcher, Governor's Office
Andria Franco, Lieutenant Governor's Office
Molly Czepiel, Speaker's Office
Briana Novian, House Appropriations Committee
Stacey Gilliam, Senate Finance Committee
Alyssa Jones, Senate Finance Committee
Eduardo Rodriguez, Legislative Budget Board
Andrea Nikic, Legislative Budget Board
Amit Patel, Legislative Budget Board
Rob Coleman, Director of Fiscal Management
Lea Ann Biggar, Acting Chief Financial Officer