



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
H. L. Whitman, Jr.

October 12, 2016

Mr. Steven Albright, 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. Albright, Ms. Allison, Mr. DeBerry, and Ms. Parks:

Enclosed is the agency's FY 2016 Monthly Financial Report as of June 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 June. In total, the operating budget was increased by \$18,703,878.

- Art II, Special Provisions Relating to All Health and Human Services Agencies, Sec 10 (Net Increase of \$18,881,133)
- Strategy C.1.5 Other At-Risk Prevention Programs was increased by \$18.9 million (\$5.8 million General Revenue, \$13.1 million Federal Funds) due to a transfer of funds from HHSC for Texas Home Visiting Program and Nurse Family Partnership Program (HHSC-2015-A-379).

- Article IX, Section 13.01 - Federal Funds/Block Grants (Net Decrease of \$177,255):
 - Entitlement Federal Funds (Net Decrease of \$177,255):
 - Strategy A.1.1 Statewide Intake Services was decreased by \$1,149
 - Strategy B.1.1 CPS Direct Delivery Staff was decreased by \$58,937
 - Strategy B.1.2 CPS Program Support was decreased by \$17,558
 - Strategy B.1.8 Other CPS Purchased Services was decreased by \$5,090
 - Strategy D.1.1 APS Direct Delivery Staff was decreased by \$32,956
 - Strategy D.1.2 APS Program Support was decreased by \$15,223
 - Strategy E.1.1 Child Care Regulation was increased by \$1,039
 - Strategy F.1.1 Central Administration was decreased by \$39,847
 - Strategy F.1.2 Other Support Services was decreased by \$3,277
 - Strategy F.1.3 Regional Administration was decreased by \$1,024
 - Strategy F.1.4 IT Program Support was decreased by \$3,233

BUDGET VARIANCES

This report reflects a net agency shortfall of \$6.1 million consisting of an \$11.4 million shortfall in General Revenue, \$3.5 million surplus in Capped Grants and TANF, and \$1.8 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 \$0.6 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 \$5.6 million consisting of \$4.1 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.1.2 CPS Program Support has a projected surplus of \$1.8 million consisting of \$0.7 million in General Revenue, \$1.0 million in Capped Grants, and \$0.1 million 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 \$2.0 million in General Revenue. It is anticipated that this shortfall can be reduced, if not fully mitigated, by increasing the strategy utilizing receipts from the Adoption and Legal Guardianship Incentive Payment Program funds. This adjustment will be reflected in a future report.
- Strategy B.1.5 Post-Adoption Purchased Services has a projected shortfall of \$0.4 million in General Revenue. It is anticipated that this shortfall can be reduced, if not fully mitigated, by transferring funds from other agency surpluses. This adjustment will be reflected in a future report.
- Strategy B.1.6 PAL Purchased Services has a projected surplus of \$0.7 million consisting of \$0.2 million in General Revenue and \$0.5 million in Capped Grants. This surplus is related to PAL Education & Training Vouchers unutilized funds. These federal grant funds can be re-budgeted in 2017.

- Strategy B.1.7 Substance Abuse Purchased Services has a projected shortfall of \$2.6 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.
- Strategy C.1.1 STAR Program has a projected surplus of \$0.2 million in General Revenue primarily resulting from delays in new contract start-up.
- Strategy C.1.5 Other At-Risk Prevention has a projected surplus of \$6.6 million consisting of \$4.4 million General Revenue and \$2.2 million Federal Funds. This surplus is primarily due to delays in new contract start-up. The THV Maternal, Infant, and Early Childhood Home Visiting program federal funds can be re-budgeted in 2017. Surplus General Revenue funds can be used to offset other projected agency shortfalls.
- Strategy C.1.6 At-Risk Prevention Program Support has a projected shortfall of \$0.6 million consisting of \$0.3 million General Revenue and \$0.3 million Federal Funds due to expenses for the THV transformation. This shortfall will be covered by a strategy transfer from C.1.5.
- Strategy D.1.1 APS Direct Delivery Staff has a projected surplus of \$1.5 million in General Revenue. The surplus is primarily due to vacant FTEs.
- Strategy D.1.2 APS Program Support has a projected surplus of \$0.9 million in General Revenue. The surplus is primarily due to vacant FTEs.
- Strategy D.1.3 APS Purchased Emergency Client Services has a projected lapse of \$0.2 million in General Revenue based on client utilization and expenditure trends.
- Strategy E.1.1 Child Care Regulation has projected surplus of \$3.4 million consisting of \$3.3 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 \$1.6 million in General Revenue. This surplus is attributable to vacant FTEs.
- Strategy F.1.2 Other Support Services has a projected surplus of \$0.5 million in General Revenue. This surplus is attributable to vacant FTEs.
- Strategy F.1.3 Regional Administration has a projected surplus of \$0.2 million in General Revenue. This surplus is attributable to vacant FTEs.
- Strategy F.1.4 IT Program Support has a projected surplus of \$1.6 million in General Revenue. This surplus is attributable 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 \$18.4 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 \$0.3 million.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

There is a significant budget increase in Strategy C.1.5 Other At-Risk Prevention Programs because Texas Home Visiting and Nurse Family Partnership Programs were transferred from HHSC. The transfer resulted in an increase in the amount of \$18,881,133 All Funds.

OTHER KEY BUDGET ISSUES

DFPS submitted a letter on June 23, 2016 to address projected strategy shortfalls for fiscal years 2015 and 2016. These notifications and approvals were included in the agency's base reconciliation submitted on June 30, 2016. DFPS will continue to monitor the surpluses and deficits for both years.

CAPITAL BUDGET ISSUES

There are no capital budget issues from the June monthly financial report.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Letter Topic Appropriation Year 2016	HHSC/DFPS Letter Date	LBB	July 31, 2016 Governor
Notification and Request for Budget Authority – FY 2015 and FY 2016	June 23, 2016	N	N
Request for Approval to Increase Rate for Foster Care Redesign Region 03B	June 27, 2016	N	N

Please contact Norton Teutsch, Budget Director, at 438-2939 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
Julie Lindsey, Legislative Budget Board
Rob Coleman, Director of Fiscal Management