



## TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER  
H. L. Whitman, Jr.

November 7, 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. Ash, Ms. Allison, Mr. DeBerry, and Ms. Parks:

Enclosed is the agency's FY 2016 Monthly Financial Report as of August 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 August. In total, the operating budget was increased by \$17,508,983.

- Art II, Rider 4, Funds from Counties (Net decrease of \$268,113)
- Strategy B.1.1 CPS Direct Delivery Staff was decreased by \$0.3 million to reflect actual local contributions collected for County-Shared Staff, Appropriated Receipts (0666).

- Art II, Rider 10, Appropriation Transfer Between Fiscal Years (Net increase of \$19,044,577)
  - Approved transfer of \$9.6 million in general revenue and \$8.8 million in TANF from Strategy B.1.9 in fiscal year 2017 to Strategy B.1.9 in fiscal year 2016.
  - Approved transfer of \$0.7 million in general revenue from Strategy B.1.10 in fiscal year 2017 to Strategy B.1.10 in fiscal year 2016.
  
- Article IX, Section 13.01 - Federal Funds/Block Grants (Net Decrease of \$880,779):
  - Federal Funds (Net Decrease of \$20,000):
    - Strategy B.1.2 CPS Program Support was decreased by \$20,000, Child Justice Grant CFDA 93.643. These funds were re-budgeted in AY17 to cover anticipated expense in September, 2016 as this grant runs October 1<sup>st</sup> through September 30th.
  
  - Entitlement Federal Funds (Net Decrease of \$860,779) were adjusted to align to projected expense in the following strategies:
    - Strategy A.1.1 Statewide Intake Services was decreased by \$956
    - Strategy B.1.1 CPS Direct Delivery Staff was increased by \$841,259
    - Strategy B.1.2 CPS Program Support was increased by \$3,197
    - Strategy B.1.3 TWC Purchased Day Care Services was increased by \$67,876
    - Strategy B.1.8 Other CPS Purchased Services was decreased by \$881
    - Strategy B.1.9 Foster Care Payments was decreased by \$1,152,328
    - Strategy B.1.10 Adoption Subsidy/PCA Payments was increased by \$3,234
    - Strategy D.1.1 APS Direct Delivery Staff was decreased by \$22,044
    - Strategy D.1.2 APS Program Support was decreased by \$5,474
    - Strategy E.1.1 Child Care Regulation was decreased by \$34,279
    - Strategy F.1.1 Central Administration was decreased by \$9,271
    - Strategy F.1.2 Other Support Services was increased by \$1,965
    - Strategy F.1.3 Regional Administration was decreased by \$1,053
    - Strategy F.1.4 IT Program Support was decreased by \$552,024
  
- Art IX, Sec 13.11(i), Amounts Contingent on Collection of EFF:
  - Strategy B.1.9 Foster Care Payments was decreased by \$386,702 in General Revenue Funds to reflect transfer to Texas Comptroller of Public Accounts as actual revenues were insufficient to offset the appropriated levels by rider.
  
- Art IX, Sec 14.01(a) - Appropriation Transfers of unobligated funds between strategies to cover projected needs:
  - \$550,000 in general revenue from Strategy F.1.1 Central Administration to A.1.1 Statewide Intake Services.

- \$5,080,000 in general revenue to Strategy B.1.1 CPS Direct Delivery Staff.
    - \$300,000 from strategy B.1.2 CPS Program Support
    - \$280,000 from strategy C.1.5 Other At-Risk Prevention
    - \$4,500,000 from strategy F.1.4 IT Program Support
  - \$2,050,000 in general revenue from Strategy C.1.5. Other At-Risk Prevention to Strategy B.1.4 Adoption Purchased Services.
  - \$2,972,332 of general revenue to Strategy B.1.7 Substance Abuse Purchased Services:
    - \$600,000 from Strategy C.1.5 Other At-Risk Prevention
    - \$800,000 from Strategy D.1.3 APS Purchased Emergency Client Services
    - \$1,572,332 from Strategy F.1.4 IT Program Support
  - \$170,000 in general revenue from Strategy B.1.6 PAL Purchased Services to Strategy B.1.8 Other CPS Purchased Services.
  - \$85,171 in general revenue to C.1.2 CYD Program:
    - \$3,758 from Strategy C.1.1 STAR Program
    - \$81,413 from Strategy C.1.5 Other At-Risk Prevention
  - \$36,952 in general revenue from Strategy C.1.5 Other At-Risk Prevention to C.1.4 Child Abuse Prevention Grants.
  - \$600,000 in general revenue from Strategy F.1.1 Central Administration to Strategy C.1.5 Other At-Risk Prevention.
  - \$228,341 in general revenue and \$298,294 in capped grants from Strategy C.1.5 Other At-Risk Prevention to C.1.6 At-Risk Prevention Program.
- Art IX, Sec 14.01(e) - Appropriation Transfers (Indirect Strategies) of unobligated funds to between strategies to cover projected needs:
    - \$600,000 in general revenue from Strategy F.1.4 IT Program Support to Strategy F.1.1 Central Administration.

The majority of unobligated balances is related to salary savings from vacant FTEs as well as contract delays in Goal C.

## BUDGET VARIANCES

This report reflects a net agency surplus of \$12.7 million consisting of a \$6.7 million surplus in General Revenue, \$4.4 million surplus in Capped Grants and TANF, and \$1.6 million surplus in Other Funds.

Significant budget variances are identified below.

- Strategy B.1.1 CPS Direct Delivery Staff has a projected surplus of \$1.2 million in Other Funds. We don't anticipate billing counties for county-contributed staff to the full contract amount due to vacant FTEs. These uncollected revenues will lapse.
- Strategy B.1.2 CPS Program Support has a projected surplus of \$1.2 million consisting of \$1.0 million in Capped Grants, and \$0.2 million Other Funds. This surplus is due to the continuation of vacant FTE cap positions. Approximately \$0.6 million Capped Grants will be re-budgeted in 2017.
- Strategy B.1.6 PAL Purchased Services has a projected surplus of \$1.2 million consisting of Capped Grants and Other funds combined. This surplus is related to PAL Education & Training Vouchers unutilized funds. These federal grant funds will be re-budgeted in 2017.

- Strategy C.1.1 STAR Program has a projected surplus of \$0.7 million in General Revenue primarily resulting from delays in new contract start-up. These unobligated funds will be carried forward into fiscal year 2017.
  - Strategy C.1.5 Other At-Risk Prevention has a projected surplus of \$6.5 million consisting of \$4.3 million General Revenue and \$2.2 million Capped Grants. This surplus is primarily due to delays in new contract start-up. The Texas Home Visiting Program (THV) Maternal, Infant, and Early Childhood Home Visiting program federal funds can be re-budgeted in 2017. The unobligated general revenue will be carried forward into fiscal year 2017.
  - Strategy D.1.1 APS Direct Delivery Staff has a projected surplus of \$1.7 million in General Revenue. The surplus is primarily due to vacant FTEs. Pending approval, the surplus General Revenue will be transferred to cover the TWC Purchased Day Care Services shortfall.
  - 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. Pending approval, the surplus General Revenue will be transferred to cover the TWC Purchased Day Care Services shortfall.
  - Strategy E.1.1 Child Care Regulation has a projected surplus of \$4.1 million consisting of \$4.0 million in General Revenue and \$0.1 million in TANF and Other funds combined. The surplus is primarily due to vacant FTEs. Pending approval, the surplus General Revenue will be transferred to cover the TWC Purchased Day Care Services shortfall.
  - Strategy F.1.1 Central Administration has a projected surplus of \$1.1 million in General Revenue. This surplus is attributable to vacant FTEs. Pending approval, the surplus General Revenue will be transferred to cover the TWC Purchased Day Care Services shortfall.
  - 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. Pending approval, the surplus General Revenue will be transferred to cover the TWC Purchased Day Care Services shortfall.
  - Strategy F.1.3 Regional Administration has a projected surplus of \$0.2 million in General Revenue. This surplus is attributable to vacant FTEs. Pending approval, the surplus General Revenue will be transferred to cover the TWC Day Care shortfall.
- The following General Revenue variances are projected based on the HHSC August 2016 caseload and expenditure forecast with pending and approved transfers described above:
    - Strategy B.1.3 TWC Purchased Day Care Services has a projected shortfall of \$8.1 million
    - Strategy B.1.9 Foster Care Payments has a projected surplus of \$0.4 million.
    - Strategy B.1.10 Adoption Subsidy/PCA Payments has a projected surplus of \$0.1 million.
    - Strategy B.1.11 Relative Caregiver Monetary Assistance Payments has a projected surplus of \$0.2 million.

## **SIGNIFICANT CHANGES FROM PREVIOUS REPORT**

This is the agency's last report for appropriation year 2016 until our formal DFPS Operating Budget in December 2017. The adjustments reflected in this report may have not been completed in USAS and are necessary to complete the fiscal year. Projections are subject to change and actual expenditures will determine final transfers. The agency will seek approval for additional transfers if necessary.

### OTHER KEY BUDGET ISSUES

This report includes updates to our forecasted entitlement programs (Foster Care Payments and Adoption Subsidy/Permanency Care Assistance) and TWC Contracted Day Care Services. The carry back from fiscal year 2017 to 2016 for entitlement programs slightly exceeds the August forecast. Reversal based on actual expenditures will reduce projected shortfalls in fiscal year 2017.

Additionally, the day care forecast has increased from \$6.4 million to \$8.1 million general revenue and is reflected in Schedule 2. The agency will require approvals to transfer between strategies to cover this projected need.

The agency does anticipate providing notification to carry forward unexpended balances in Goal C pursuant to Rider 12 and requesting approval to transfer this funding to cover projected needs in other strategies in the near future.

### CAPITAL BUDGET ISSUES

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

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

<b>Letter Topic</b> <b>Appropriation Year 2016</b>	<b>HHSC/DFPS</b> <b>Letter Date</b>	<b>October 21, 2016</b>	
		<b>LBB</b>	<b>Governor</b>
Request to Exceed FY 2016 Day Care Appropriation	August, 9, 2016	N	N

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

Sincerely,



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