



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
H. L. Whitman, Jr.

December 6, 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 2017 Monthly Financial Report as of October 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 budget adjustments listed below apply to the appropriation year 2017 as of the end of October 31, 2016. Adjustments to Department of Family and Protective Services (DFPS) appropriation pattern as detailed in the Conference Committee version of H.B.1, 84th Legislature, Regular Session are described.

- A. Pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants, adjustments have been made to align federal funds/block grants and re-budget federal funds/block grants between FY16 and FY17. Total amounts by CFDA are listed below. Additional detail is provided in Schedule 1 Supplemental.

- 93.556.001 - Promoting Safe and Stable Families (\$9,606)
- 93.556.002 - Promoting Safe and Stable Families – Caseworker Visits (\$1,303,593)
- 93.645 - Child Welfare Services State Grant \$3,032,841
- 93.669 - Child Abuse and Neglect State Grants (\$177,800)
- 93.599 - Title IV-E Chafee Education and Training Vouchers Program (\$1,659,198)
- 93.603 - Adoption Incentive Payments \$1,858,665
- 93.674 - Chafee Foster Care Independence Program \$3,099,492
- 93.643 - Children's Justice Grants to States \$20,000
- 93.590 - Community-Based Child Abuse Prevention Grants \$1,088,701
- 93.566 - Refugee and Entrant Assistance State Administered Programs \$44,383

B. This adjustment reflects the transfer of funding and FTE authority for the Texas Home Visiting programs from HHSC to DFPS pursuant to Art II, Special Provisions, Sec. 10 (letter dated December 1, 2015). *Pending in USAS.*

C. Pursuant to Art I Informational Listing, Sec 2, Transfer of Social Security Contributions and Benefit Replacement Pay (BRP), this adjustment transfers BRP to direct strategies.

D. This adjustment reflects a transfer from Comptroller of Public Accounts for the estimated state and federal funds and/or budget authority required to fund the state employee salary increase legislated in Article IX, Sec. 18.02, Appropriations for a State Salary Increase for General State Employees.

E. 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. Total amounts by CFDA are listed below. Additional detail is provided in Schedule 1 Supplemental. Shaded items reflect changes from prior month.

- 93.778.003 - Medical Assistance Program 50% \$267,207
- 93.659.050 - Title IV-E Adoption Assistance - Administration \$656,380
- 93.659.060 - Title IV-E Adoption Assistance - FMAP (\$158,159)
- 93.659.075 - Title IV-E Adoption Assistance-Training \$5
- 93.658.050 - Title IV-E Foster Care - Administration (\$6,308,389)
- 93.658.060 - Title IV-E Foster Care - FMAP (\$10,677,700)
- 93.658.075 - Title IV-E Foster Care -Training (\$291,763)
- 93.090.050 - Title IV-E Guardianship Assistance - Administration \$206,383
- 93.090.060 - Title IV-E Guardianship Assistance - FMAP (\$569,588)

F. This adjustment reflects changes in estimated interagency contracts pursuant to Art IX, Sec 8.02, Reimbursements and Payments.

G. This adjustment reflects transfers between appropriations within 20 percent limitation to cover projected expense pursuant to 84rd Legislature, SB1 Art IX, Sec 14.01, Appropriation Transfers (2016-17 GAA).

J. This adjustment reflects carry back from FY 17 to FY 16 from Strategy B.1.9 Foster Care Payments and Strategy B.1.10 Adoption Subsidy/PCA pursuant to Art II, Rider 10, Appropriation Transfer between Fiscal Years (letter dated June, 23, 2016).

- O. This adjustment reflects the carry forward of unexpended capital balances from FY 16 to FY 17 for Strategy B.1.1 Child Protective Services Direct Delivery Staff and Strategy G.1.1 Agency-Wide Automated Systems pursuant to Art IX, Sec 14.03(i), Limitation on Expenditures - Capital Budget UB (2016-17 GAA). Additional detail is provided in Schedule 1 Supplemental.
- T. This adjustment reflects the appropriation increase pursuant to Art IX, Sec. 18.35, Contingency for H.B. 19, Mental Health and Preventative Services Programs for Veterans' and Military families.
- V. This adjustment reflects Fiscal Size-up adjustments which transfers funds appropriated at HHSC to DFPS for CAPPs upgrades (\$1,695,882) and the Office of Inspector General lease (\$1,012,770).

BUDGET VARIANCES

Schedules 1, 3, and 5 of this report reflect the agency's current projections for program expenditures as well as the August forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program. DFPS has assumed FTEs filled at 100 percent. General revenue shortfalls may further be reduced with unobligated balances from FY 2016 (TBD) if approved.

This report reflects a net agency shortfall of \$109.0 million consisting of \$104.7 million in General Revenue, \$4.3 million Federal Entitlement.

- Appropriations for which expense is projected to exceed the adjusted budget are reflected as a negative variance:
 - 0001 General Revenue
 - 0758 GR-Medicaid Match
 - 93.090.050 Title IV-E Guardianship – Administration
 - 93.658.050 Title IV-E Foster Care – Administration
 - 93.658.075 Title IV-E Foster Care – Training
 - 93.659.050 Title IV-E Adoption Assistance
 - 93.778.003 Medical Assistant Program 50%

Based on current projections, the agency anticipates estimated general revenue shortfalls in almost all strategies (see Schedule 5); however, many of the smaller amounts may be mitigated with salary savings, unobligated balances from FY 16, and projected expense being less than anticipated. The projected general revenue shortfalls are summarized as follows:

Entitlement Programs - \$47.9 million

Contracted Day Care Services - \$13.2 million

Non-Entitlement Programs - \$43.6 million of which \$30.1 million is CPS Direct Delivery

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This is the second Monthly Financial Report for FY 2017. There are no significant changes from the September monthly financial report. Projections, expenditures and revenues have been updated.

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. Projection updates include an increase to the projected cost of care of \$2.1 million for Foster Care Redesign. 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.

This report does not include any projections for the recently approved agency’s critical needs request (letter dated November 22, 2016).

CAPITAL BUDGET ISSUES

The budget in Schedule 7 (Capital Projects) reflect the DFPS 2016-2017 capital appropriation levels and adjustments to reflect changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements. 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, including unexpended balances carried forward from FY 2016 into FY 2017.

E. 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 specific to capital budget items.

O. This adjustment reflects the carry forward of unexpended capital balances from FY 16 to FY 17 for Strategy B.1.1 Child Protective Services Direct Delivery Staff pursuant to Art IX, Sec 14.03(i), Limitation on Expenditures - Capital Budget UB (2016-17 GAA).

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Letter Topic Appropriation Year 2016	HHSC/DFPS Letter Date	December 6, 2016 LBB	Governor
Request to Exceed FY 2016 Day Care Appropriation	August, 9, 2016	N	N

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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