



Texas Department of Family and Protective Services

Commissioner
H. L. Whitman, Jr.

July 1, 2018

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

Mr. John Colyandro, Policy Director
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Ms. Ursula Parks, Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Ms. Hicks, Mr. Colyandro, and Ms. Parks:

Enclosed is the agency's FY 2018 Financial Report as of May 2018. 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 2018 as of the end of May 2018. Adjustments to Department of Family and Protective Services (DFPS) appropriation pattern as detailed in the Conference Committee version of H.B.1, 85th Legislature, Regular Session are described.

- A. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 33, Contingency for Senate Bill 11, Provision of Child Protective Services and Other Health and Human Services by Certain State Agencies or Under Contract with a State Agency.
- B. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 47, Contingency for Senate Bill 1208, Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services.

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- C. This adjustment reflects transfers between appropriations within 20 percent limitation to cover projected expense pursuant to 85th Legislature, SB1 Art IX, Sec 14.01(a), Appropriation Transfers (2018-19 GAA).
- D. This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2018-19 GAA). *[See Schedule 8 for project detail]*

E. 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 FY18 and FY19. Total amounts by CFDA are listed below. Items with changes from the prior month are shaded below. Additional detail is provided in Schedule 1 Supplemental.

93.505.001-MIECHV \$435,283
93.556.001-Title IV-B, Part 2 Promoting Safe and Stable Families (\$419,259)
93.556.002-Title IV-B, Part 2 Promoting Safe and Stable Families-CWV \$32,441
93.590-Community-Based Child Abuse Prevention Grants (\$175,042)
93.599-Title IV-E Chafee Education and Training Vouchers Program ETV (\$76,075)
93.603-Adoption Incentive Payments (\$5,890,665)
93.669-Child Abuse and Neglect State Grants (\$146,763)
93.674-Chafee Foster Care Independence Program (\$626,925)
93.870-MIECHV (\$112,000)

F. 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. Updates in projections affected these sources. Total amounts by CFDA are listed below. Items with changes from the prior month are shaded below. Additional detail is provided in Schedule 1 Supplemental.

93.090.050-Title IV-E Guardianship Assistance - Administration (\$431,046)
93.090.060-Title IV-E Guardianship Assistance - FMAP \$305,103
93.658.050-Title IV-E Foster Care - Administration \$23,320,034
93.658.060-Title IV-E Foster Care - FMAP (\$35,527,212)
93.658.075-Title IV-E Foster Care-Training-75% (\$2,531,976)
93.659.050-Title IV-E Adoption Assistance - Administration \$1,691,980
93.659.060-Title IV-E Adoption Assistance - FMAP (\$700,680)
93.659.075-Title IV-E Adoption Assistance-Training-75% (\$9,334)
93.778.003-Medical Assistance Program 50% \$864,213

G. This adjustment reflects the appropriation adjustment pursuant to Art IX, Sec. 18.02, Contingency for House Bill 7, Child Protective Services Suites, Motions, and Services and

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to the Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services. [See Schedule 1a for strategy detail]

- H. Pursuant to Art IX, Sec 14.01 (e)(2) Appropriation Transfers (letter dated September 7, 2017), this adjustment reflects transfers between appropriations resulting in an increase to the Indirect Administration Goal. Additional detail is provided in Schedule 1 Supplemental.
- I. Pursuant to Art II, Rider 13, Limitation on Transfers: CPS and APS Direct Delivery Staff (letter dated September 7, 2017), this adjustment reflects transfers between appropriations. Additional detail is provided in Schedule 1 Supplemental.

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

K. Pursuant to Art II, Special Provisions, Sec. 6, Limitations on Transfer Authority, this adjustment reflects the transfer of appropriations and FTE authority for Child Care Investigations (letter dated November 21, 2017)

S. Pursuant to Art IX, Sec 14.01 (e)(1) Appropriation Transfers, this adjustment reflects transfers from one appropriation item to another appropriation item within the same Indirect Administrative goal without limitation as to the amount of such a transfer.

BUDGET VARIANCES

Schedules 1, 4, and 5 of this report reflect the agency's current projections for program expenditures as well as the forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program as reported in the 2018-19 Base Reconciliation.

This report reflects an agency shortfall of \$33.7 million All Funds consisting of a shortfall of \$25.5 million in General Revenue and \$11.4 million in Federal Funds. In addition there is an estimated lapse of \$3.2 million Other Funds that will not be drawn or collected.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
 - 0758 - GR- Medicaid Match
 - 93.558 - Temporary Assistance to Needy Families (TANF)
 - 93.599 - Title IV-E Chafee Education and Training Vouchers Program ETV

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- 93.090.050 - Title IV-E Guardianship Assistance – Administration
 - 93.658.050 - Title IV-E Foster Care – Administration
 - 93.659.050 - Title IV-E Adoption Assistance – Administration
 - 93.674 - Chafee Foster Care Independence Program
 - 93.778.003 - Medical Assistance Program 50%
 - 0666 - Appropriated Receipts
 - 0777 - Interagency Contracts
- Appropriations for which expense is projected to exceed the adjusted budget are reflected as a negative variance:
 - 0001 General Revenue
 - 93.575 - Child Care and Development Block Grant

Based on current projections, the agency anticipates estimated general revenue shortfalls in Goal B (Child Protective Services). The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$39.6 million shortfall
- Non-Entitlement Programs - \$14.1 million lapse

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This is the ninth Monthly Financial Report for FY 2018. This report reflects updated projections in line with the 2018-19 Base Reconciliation, as well as updated expenditures and revenues.

OTHER KEY BUDGET ISSUES

The agency has submitted RTEs to address the realignment of TANF within Entitlement Programs to avoid lapsing appropriations, approval regarding the payment of travel reimbursements to members of the advisory council established in House Bill 5, and reinstatement of FTE authority related to Senate Bill 11. The agency also recently submitted an RTE to address the shortfalls in Purchased Client Services and Foster Care Payments. The request for approval to fund IMPACT Modernization Capital in a separate capital line item has been withdrawn.

Additional RTEs planned include an alignment of appropriations and FTE authority between HHSC and DFPS due to House Bill 5, establishing rates for new catchment areas, and a mid-year rate adjustment for Community Based Care blended rate.

CAPITAL BUDGET ISSUES

The budget in Schedule 8 (Capital Projects) reflects the DFPS 2018-2019 capital appropriation levels, adjustments to reflect the transfer of the remaining balance in G.1.1 to a Capital project, 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.

B. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 47, Contingency for Senate Bill 1208, Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services.

D. This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2018-19 GAA).

F. 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.

I. Pursuant to Art II, Rider 13, Limitation on Transfers: CPS and APS Direct Delivery Staff (letter dated September 7, 2017), this adjustment reflects transfers between appropriations. Additional detail is provided in Schedule 1 Supplemental.

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 item listed below is pending.

Letter Topic Appropriation Year	HHSC/DFPS Letter Date	LBB	Governor
Request for Approval to Transfer Appropriations to Fund Day Care Services in FY 2018 [DFPS-2018-A-0005]	February 28, 2018	N	N

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Letter Topic Appropriation Year	HHSC/DFPS Letter Date	LBB	Governor
Realign TANF/General Revenue between B.1.9 (Foster Care Payments) and B.1.11 (RODC) [DFPS-2018-A-0006]	April 19, 2018	N	N
Request for Approval to fund IMPACT Modernization Capital Item and Reinstate FTE Authority [DFPS-2018-A-0007]	April 27, 2018	N	N
Request to Reimburse Travel for Advisory Council Members [DFPS-2018-A-0008]	May 2, 2018	N	N
Request for Approval to Transfer Funds for Foster Care and Purchased Client Services - FY 2018 [DFPS 2018-A-0009]	June 18, 2018	N	N

Please feel free to contact me at 512/438-5152 if you have any questions or require additional information.

Sincerely,



Chad Berdoll
Deputy Chief Financial Officer

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cc: Garnet Coleman, State Representative
Allison Billodeau, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Heather Fleming, Speaker's Office
Stacey Gilliam, Senate Finance Committee
Kyler Arnold, House Appropriations Committee
Liz Prado, Legislative Budget Board
Rob Coleman, Director of Fiscal Management