



Texas Department of Family and Protective Services

Commissioner
H. L. Whitman, Jr.

October 10, 2019

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. Sarah Keyton, Assistant Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

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

Enclosed is the agency's FY 2019 Financial Report as of August 2019. 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 2019 as of the end of August 2019. 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 below:

- 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.

- 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). This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Art IX, Sec 14.03(h),

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Limitation on Expenditures – Capital Budget (2018-19 GAA). [See Schedule 8 for project detail]

D. Pursuant to Art 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 FY18 and FY19. Total amounts by CFDA are listed below.

16.575-Domestic Violence Initiatives \$143,709
93.434-ESSA Preschool Development Grant \$41,168
93.556.002-Title IV-B, Part 2 PSSF - Caseworker Visits \$57,192
93.556.003-Title IV-B, Part 2 Kinship Navigator \$1,018,778
93.575-Child Care and Development Block Grant (\$41)
93.590-Community Based Child Abuse Prevention Grants \$224,344
93.599-Chafee ETV \$686,575
93.603-Adoption Incentive Payments (\$5,454,165)
93.645-Title IV-B, Part 1 Child Welfare Services \$181,845
93.669-Child Abuse and Neglect State Grants \$422,525
93.870-MIECHV \$1,312,724

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. Updates in projections affected these sources. Total amounts by CFDA are listed below.

93.090.050-Title IV-E Guardianship Assistance - Administration (\$486,929)
93.658.050-Title IV-E Foster Care - Administration (\$2,695,529)
93.658.060-Title IV-E Foster Care – FMAP (\$11,534)
93.658.075-Title IV-E Foster Care-Training-75% (\$5,287,620)
93.659.050-Title IV-E Adoption Assistance - Administration (\$18,390)
93.659.075-Title IV-E Adoption Assistance-Training-75% (\$8,437)
93.778.003-Medical Assistance Program 50% \$629,101

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

G. 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. [See Schedule 1a for strategy detail]

H. Pursuant to Art II, Rider 13, Limitation on Transfers: CPS and APS Direct Delivery Staff, the adjustments reflect transfers between appropriations (letters dated September 7, 2017, and June 18, 2018). [*See Schedule 1a for strategy detail*]

I. 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 (DFPS letter dated November 21, 2017, and HHSC letter dated August 2, 2019).

L. Pursuant to Art II, Rider 10, Appropriation Transfer Between Fiscal Years, this adjustment reflects the carry back of General Revenue funds from fiscal year 2019 to fiscal year 2018 in Strategy B.1.9, Foster Care Payments (letter dated June 18, 2018).

M. Pursuant to Art IX, Sec 13.10, Temporary Assistance for Needy Families (TANF), this adjustment reflects the realignment of TANF funds from Strategy B.1.11, Relative Caregiver Payments, to Strategy B.1.9, Foster Care Payments (letter dated April 19, 2018).

N. Pursuant to Art II, Rider 6 (a), Foster Care Rates (2018-19 GAA), this adjustment reflects the transfer of General Revenue out of Strategy B.1.9, Foster Care Payments (letter dated April 19, 2018).

O. Pursuant to Art II, Rider 23, Limitation on Transfers: Adoption Subsidies, PCA Payments, and Relative Caregiver Payments, this adjustment reflects the transfer of General Revenue into Strategy B.1.11, Relative Caregiver Payments (letter dated April 19, 2018).

P. Pursuant to Art IX, Sec 8.07, Appropriation of Collections for Seminar and Conferences, this adjustment reflects an alignment of budget with estimated revenue.

Q. This adjustment reflects the carry forward of unexpended capital balances from FY 18 to FY 19 for Strategy F.1.1 Agency-Wide Automated Systems pursuant to Art IX, Sec 14.03(i), Limitation on Expenditures - Capital Budget UB (2018-19 GAA).

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.

T. Pursuant to Art II, Rider 20, Limitation on Appropriations for Day Care Services, this adjustment reflects the alignment of General Revenue and Child Care Development Block Grant appropriations (letter dated January 28, 2019).

- V. These adjustments reflect changes to appropriations pursuant to Senate Bill 500 of the 86th Legislature Regular Session.

BUDGET VARIANCES

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

This report reflects an agency lapse of \$34.7 million All Funds consisting of \$25.2 million in General Revenue, \$9.2 million in Federal Funds and \$0.3 million Other funds.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
 - 0001 – General Revenue
 - 0758 – GR – Medicaid Match
 - 16.575 - Domestic Violence Initiative
 - 93.556.003 - Title IV-B, Part 2 Kinship Navigator
 - 93.558 – Temporary Assistance to Needy Families (TANF)
 - 93.599 – Title IV-E Chafee Education and Training Vouchers Program ETV
 - 93.090.050 – Title IV-E Guardianship Assistance – Administration
 - 93.658.060 – Title IV-E Foster Care – FMAP
 - 93.659.050 – Title IV-E Adoption Assistance – Administration
 - 93.659.060 – Title IV-E Adoption Assistance - FMAP
 - 8093 – Child Support Collections
 - 0666 - Appropriated Receipts
 - 0777 - Interagency Contracts

- Appropriations for which expense is projected to exceed the adjusted budget are reflected as a negative variance:
 - 8008 – GR Title IV-E FMAP
 - 93.090.060 – Title IV-E Guardianship Assistance - FMAP
 - 93.658.050 – Title IV-E Foster Care – Administration

The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$6.6 million shortfall
- Non-Entitlement Programs - \$31.8 million lapse

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This is the twelfth Monthly Financial Report for FY 2019.

OTHER KEY BUDGET ISSUES

This month's report reflects the Conference Committee forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and Relative Other Designated Caregiver program. The report also reflects lapsed funding associated with the delay in rollout of Community-based Care in Region 3B Stage 2 as well as the cancellation of the Family Based Safety Services pilot in Nueces County. Projections reflect updates for staffing strategies. Updates to the forecast for entitlement programs and CPS Purchased Client Services will be reflected in next month's report.

CAPITAL BUDGET ISSUES

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

- 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).
- I. Pursuant to Art II, Rider 13, Limit on Transfers: CPS and APS Direct Delivery Staff (letter dated September 7, 2017), this adjustment reflects transfers between appropriations.
- Q. This adjustment reflects the carry forward of unexpended capital balances from FY 18 to FY 19 for Strategy F.1.1 Agency-Wide Automated Systems pursuant to Art IX, Sec 14.03(i), Limitation on Expenditures - Capital Budget UB (2018-19 GAA).

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.

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Letter Topic Appropriation Year	HHSC/DFPS Letter Date	LBB	Governor
Request for Approval for CBC Expansion [DFPS-2019-A-0003]	June 27, 2019	N	N
Request for Approval for FY20 CBC Blended Rates and Reconciliation [DFPS-2020-A- 001]	September 11, 2019	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

cc: Garnet Coleman, State Representative
Heather Fleming, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Kyler Ramsey, Speaker's Office
Stacey Gilliam, Senate Finance Committee
Andrea Nikic, Legislative Budget Board
Rob Coleman, Director of Fiscal Management