



Texas Department of Family and Protective Services

Commissioner
Jaime Masters

October 7, 2020

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

Mr. Jerry McGinty, Director of Legislative Budget Board
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Ms. Hicks and Mr. McGinty:

Enclosed is the agency's FY 2020 Financial Report as of August 2020. 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.

Schedules are updated to meet the reporting requirements in Rider 6, Other Reporting Requirements. A.1.1, Statewide Intake Services, and D.1.1, APS Direct Delivery Staff, are added to Schedule 11, which provides 5-year detail of actual and projected expenditure information by Object of Expense and Method of Finance. Also in accordance with Rider 6, Other Reporting Requirements, Statewide Intake performance measures are included in Schedule 9, Select Performance Measures. Revenue for Object Code 3770, Administrative Penalties, is included in the Revenue Schedule for Appropriated Receipts (0666) to meet the requirements for Rider 34, Contractor Penalties and Incentives.

BUDGET ADJUSTMENTS

The budget adjustments listed below apply to the appropriation year 2020 as of the end of August 2020. Adjustments to Department of Family and Protective Services (DFPS) appropriation pattern as detailed in the Conference Committee version of H.B.1, 86th Legislature, Regular Session are described below:

- A. This adjustment reflects the appropriation pursuant to Art IX, Sec 18.74, Contingency for Senate Bill 781, Relating to the Regulation of Child-care Facilities.

B. 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 FY19 and FY20. Total amounts by CFDA are listed below.

93.434 - ESSA Preschool Development Grant \$0
93.556.002 - Title IV-B, Part 2 PSSF-Caseworker Visits \$160,232
93.556.003 - Title IV-B, Part 2 – Kinship Navigator \$1,051,639
93.556.004 - Title IV-B, Part 2 – NEICE \$75,000
93.590 - Community-Based Child Abuse Prevention Grants \$567,487
93.599 - Title IV-E ETV \$504,345
93.603 - Adoption Incentive Payments \$270,500
93.643 - Children's Justice Grants to States \$156,029
93.645.001 - Title IV-B, Part 1 Child Welfare Services State Grant CARES Act \$4,690,717
93.669 - Child Abuse and Neglect State Grants \$2,869,856
93.674 - Chafee Foster Care Independence Program \$325,000
93.747 - Elder Abuse Prevention Interventions Program \$261,798
93.870 - Home Visiting Grant – Formula \$1,689,805

C. 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.

93.090.050-Title IV-E Guardianship Assistance - Administration \$24,469
93.090.060-Title IV-E Guardianship Assistance – FMAP \$719,042
93.658.050-Title IV-E Foster Care – Administration (\$5,686,298)
93.658.060-Title IV-E Foster Care – FMAP \$7,138,926
93.658.075-Title IV-E Foster Care-Training-75% \$1,129,221
93.659.050-Title IV-E Adoption Assistance - Administration \$2,916,613
93.659.060-Title IV-E Adoption Assistance – FMAP \$10,080,881
93.659.075-Title IV-E Adoption Assistance-Training-75% \$1,416
93.778.003-Medical Assistance Program 50% (\$2,064,188)

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

E. This adjustment reflects changes in estimated conference fee collection pursuant to Art IX, Sec 8.07, Conference Fees.

F. This adjustment reflects transfers between non-capital and capital budget items pursuant to Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2020-21 GAA). [See Schedule 8 for project detail]

G. This adjustment reflects changes in estimated gift revenue collected pursuant to Art IX, Sec 8.01 (d), Acceptance of Gifts of Money, Unexpended Balance.

H. This adjustment reflects transfers between appropriations within 20 percent limitation to cover projected expense pursuant to Art IX, Sec 14.01(a), Appropriation Transfers (2020-21 GAA)

- I. This adjustment reflects appropriation adjustment pursuant to Art II, Rider 43, Community-based Care Oversight Staff (2020-21 GAA), FSU.
- J. This adjustment reflects appropriation adjustment pursuant to Art II, Rider 29, Community-based Care Payment (2020-21 GAA), FSU.
- K. Pursuant to Art IX, Sec 14.01 (d)(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.
- L. This adjustment reflects the carry forward of unexpended capital balances from FY20 to FY21 for Strategy F.1.1, Agency-Wide Automated Systems pursuant to Art IX, Sec 14.03 (i), Limitation on Expenditures – Capital Budget UB (2020-21 GAA). [See Schedule 8 for project detail]

BUDGET VARIANCES

Schedules 1, 4, and 5 of this report reflect the agency's current projections for program expenditures, the LAR forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program as well as an entitlement budget adjustment for the enhanced FMAP. Projections for forecasted programs have been further adjusted to reflect anticipated general revenue savings from the enhanced FMAP rates approved through the CARES Act. The agency has also increased projections to account for the increased costs of supplemental payments to providers for 24-hour awake supervision requirements.

This report reflects an agency lapse of \$47.0 Million all funds consisting of a surplus \$58.9 million in General Revenue and a deficit of \$11.9 million in Federal Funds. DFPS has submitted two requests to your offices referenced below to seek approval to transfer the majority of this funding to address critical agency needs. These transfers are not reflected in the MFR while the requests are still pending.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
 - 0001 – General Revenue
 - 0758 - GR- Medicaid Match
 - 8008 – GR Title IV-E FMAP
 - 93.558 – Temporary Assistance to Needy Families (TANF)
 - 93.659.050 – Title IV-E Adoption Assistance – Administration

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

The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$17.8 million lapse
- Non-Entitlement Programs - \$41.1 million lapse

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This month's report reflects an updated LAR forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and Relative Other Designated Caregiver program. The updated forecast resulted in a shift in variances due to both a change in projections and the associated method of finance.

OTHER KEY BUDGET ISSUES

The report reflects a projected shortfall in CPS Purchased Client Services, which maintains FY19 projected spending levels. Additionally, the report reflects available lapses identified as part of the governor's request for a 5% reduction in general revenue.

A request to exceed authority to carry forward unutilized funds from FY 2020 to FY 2021 to address court ordered heightened monitoring requirements for 24-hour residential care facilities was submitted on June 19, 2020 (DFPS-2020-A-004). A second request to exceed authority to transfer appropriations to address funding needs within FY 2020 was submitted on June 23, 2020 (DFPS-2020-A-005). A third request for authority to expend a new federal grant in excess of \$10 million and authority for the creation of a new capital project was submitted on August 24, 2020 (DFPS-2020-A-006).

CAPITAL BUDGET ISSUES

The budget in Schedule 8 (Capital Projects) reflects the DFPS 2020-2021 capital appropriation levels. 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.

- C. 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.

- F. This adjustment reflects transfers between non-capital and capital budget items pursuant to Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2020-21 GAA). [See Schedule 8 for project detail]

- L. This adjustment reflects the carry forward of unexpended capital balances from FY20 to FY21 for Strategy F.1.1, Agency-Wide Automated Systems pursuant to Art IX, Sec 14.03 (i), Limitation on Expenditures – Capital Budget UB (2020-21 GAA). [See Schedule 8 for project detail]

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 or newly approved.

Letter Topic Appropriation Year	HHSC/DFPS Letter Date	LBB	Governor
Request for Approval for Carry Forward to meet Court Ordered Heightened Monitoring Requirements [DFPS-2020-A-004]	June 19, 2020	N	Y
Request for Approval to Transfer FY2020 Appropriations [DFPS-2020-A-005]	June 23, 2020	N	N
Request authority to expend a new federal grant in excess of \$10 million and authority for the creation of a new capital project [DFPS-2020-A-006]	August 24, 2020	N	N

Please feel free to contact me at 512-438-2022 if you have any questions or require additional information.

Sincerely,

Lea Ann Biggar
Budget Director

Ms. Sarah Hicks
Mr. Jerry McGinty
October 7, 2020
Page 6

cc: Garnet Coleman, State Representative
Elizabeth Farley, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Stacey Gilliam, Senate Finance Committee
Alyssa Jones, Senate Finance Committee
Leora Rodell, Legislative Budget Board
Andrea Nikic, Legislative Budget Board
Nicole Delaney, Legislative Budget Board
Rob Coleman, Director of Fiscal Management