



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
Carey D. Cockerell

July 11, 2008

Mike Morrissey, Director
Budget, Planning and Policy
Office of the Governor
State Insurance Building, 4th Floor
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Austin, Texas 78751

John O'Brien, Director
Legislative Budget Board
Robert E. Johnson Building, 5th Floor
1501 N. Congress Avenue
Austin, Texas 78701

Dear Sirs:

In accordance with the 80th Legislature, HB 1, Article II, Department of Family and Protective Services, Rider 28, Child Protective Services (CPS) Reform and Rider 29, Child Protective Services (CPS) Reform Continued, we are submitting the required Third Quarter Expenditure Reports as of May 31st for FY 2008.

RIDER 28, CPS REFORM

This biennium the CPS Reform purposes initially funded by the 79th Legislature in a single strategy were appropriated in their parent strategies in Goals A and B. The enclosed Rider 28 report continues to present budget and expenditures by purpose even though there is not a separate line item appropriation for CPS Reform.

QUARTERLY BUDGET ADJUSTMENTS

In total, the operating budget for Rider 28, CPS Reform was increased by \$14,642,900 primarily in federal entitlement during the third quarter FY 2008 for the inclusion of Medicaid Targeted Case Management (TCM) funding for CPS out-of-home population.

QUARTERLY BUDGET VARIANCES

This report reflects projected cost increases in the parent strategies, including the increased demand for both foster care day care and day care associated with the Relative Caregiver program and cost allocated support services. Overall, Rider 28 is reflecting a surplus of \$7.7 million resulting from the additional TCM claiming above the appropriated level.

SIGNIFICANT CHANGES FROM PREVIOUS QUARTERLY REPORT

The significant change from the Rider 28, CPS Reform Second Quarter Expenditure report reflects two significant changes. The first is the inclusion of TCM funding for CPS out-of-home population that resulted in a budget increase of \$14.6 million, as noted in the Budget Adjustments section of this letter. The second is the projected cost increases mentioned in the Quarterly Budget Variances section.

RIDER 29, CPS REFORM CONTINUED

HB 1, 80th Legislature, appropriated funding for CPS Reform Continued in Strategy C.1.1. The enclosed Rider 29 report presents Strategy C.1.1 budget and expenditures by purpose for which the funding was provided. The totals from Rider 29 will not match the Strategy C.1.1 totals in the agency's monthly financial report due to the inclusion of HB 15 funding in Strategy C.1.1.

QUARTERLY BUDGET ADJUSTMENTS

In total, the operating budget for Rider 29, CPS Reform Continued was increased by \$3,449,492 for the inclusion of TCM funding for CPS out-of-home population.

QUARTERLY BUDGET VARIANCES

Overall, projections for the Rider 29 purposes indicate a shortfall of \$1.7 million that consists of a \$5.7 million GR shortfall and a \$4.1 million TANF surplus. This shortfall is due primarily to the purpose for foster care caseload reduction that assumed a cost savings in this appropriation.

SIGNIFICANT CHANGES FROM PREVIOUS QUARTERLY REPORT

The significant changes from the Rider 29, CPS Reform Continued Second Quarter Expenditure report are the inclusion of TCM funding and a cost increase for cost allocated support services.

OTHER KEY ISSUES

For both Rider 28 and 29, the budget assumes that TCM claims for the first three quarters of FY 2008 are allowable.

Please contact Laura Phillips at 438-4429 if you have any questions or require additional information.

Sincerely,

Cindy Brown
Chief Financial Officer

cc: Jessica Olson, Governor's Advisor, Governor's Office
Nancy Millard, Legislative Budget Board