



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

February 14, 2014

Ms. Kate McGrath, 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 Ms. McGrath and Ms. Parks:

Enclosed is the agency's FY 2014 Monthly Financial Report as of December 2013. 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 following adjustments were made to the appropriated budget in the month of December. In total, the operating budget was decreased by \$3,526,855.

- The following adjustments were made for changes in block grants or capped federal funds for a net increase of \$4,491,460 under Art. IX, Sec. 8.02, Federal Funds/Block Grants:
 - Strategy B.1.2 CPS Program Support was increased by \$295,643 to reflect the update to Unaccompanied Refugee Minor Program contract with HHSC.
 - Strategy B.1.8 PAL Purchased Services was increased by \$1,094,536 of Chafee Foster Care Independence Program grant to address an operational funding need. This is reflected by a re-budget of \$138,041 FFY 2013 from SFY 2013 to SFY 2014 and \$956,495 FFY2014 from SFY 2015 to SFY 2014.
 - Strategy B.1.10 Other CPS Purchased Services was increased by \$2,644,000 consisting of \$644,000 re-budget of FFY 2013 Adoption Incentive Payments Program grant from SFY15 to SFY14 and \$2,000,000 FFY 2013 Title IV-B, Part I Child Welfare Services State Grant re-budget from SFY 2013 to SFY 2014.
 - Strategy C.1.4 Child Abuse Prevention Grants was increased by \$447,616 to reflect the re-budget of Community-Based Child Abuse Prevention Grant into SFY 2014 to fund programs need in the operating budget.

- Strategy D.1.1 APS Direct Delivery Staff was increased by \$9,665 to reflect the re-budget of Elder Abuse Prevention Interventions Program grant from SFY 2013 to SFY 2014.
- The following adjustments were made under Art. IX, Sec. 8.03, Reimbursements and Payments for a net decrease of \$35,307:
 - Strategy B.1.2 CPS Program Support was decreased by \$39,307 due to discontinue of DePelchin contract.
 - Strategy B.1.8 was increased by \$4,000 to fund scholarships from the Freshman Success for Foster Youth Fund revenues.
- The following adjustments were made in accordance with Art IX, Sec 14.01, Appropriation Transfers (2014-15 GAA):
 - \$31,756 of General Revenue and \$3,912 of Federal Entitlement Funds were transferred from Strategy F.1.4 IT Program Support to Strategy F.1.1 Central Administration to cover a shortfall for IT Audit functions and operations.
 - \$1,314,896 of General Revenue, \$99 of TANF funds, and \$98,499 of Other Capped Grants were transferred out of Strategy F.1.1 Central Administration to the following strategies to fund increased Cost Pool need:
 - ⇒ \$58,289 of General Revenue to Strategy A.1.1 Statewide Intake Services
 - ⇒ \$1,012,180 of General Revenue, \$99 of TANF funds, and \$34,305 of Other Capped Grants to Strategy B.1.1 CPS Direct Delivery Staff
 - ⇒ \$51,891 of General Revenue and \$7,264 of Other Capped Grants to Strategy B.1.2 CPS Program Support
 - ⇒ \$264 of General Revenue to Strategy C.1.4 Child Abuse Prevention Grants
 - ⇒ \$5,091 of General Revenue to Strategy C.1.6 At-Risk Prevention Program Support
 - ⇒ \$101,126 of General Revenue to Strategy D.1.1 APS Direct Delivery Staff
 - ⇒ \$9,403 of General Revenue to Strategy D.1.2 APS Program Support
 - ⇒ \$18,027 of General Revenue to Strategy D.1.3 MH and ID Investigations
 - ⇒ \$25,335 of General Revenue and \$56,930 of Other Capped Grants to Strategy E.1.1 Child Care Regulation
 - ⇒ \$10,356 of General Revenue to Strategy F.1.2 Other Support Services
 - ⇒ \$702 of General Revenue to Strategy F.1.3 Regional Administration
 - ⇒ \$22,232 of General Revenue to Strategy F.1.4 IT Program Support
- The following adjustment was made in accordance of Art IX, Sec.17.06, Appropriation for a Salary Increase for General State Employees:
 - Strategy B.1.2 CPS Program Support was decreased \$344 for estimated employee benefit replacement pay due to the discontinue of DePelchin contract

➤ In accordance with Art. I, Information Listing of Funds Appropriation to the Comptroller of Public Accounts for Social Security and BRP, Rider 2, the following strategies were decreased for employee benefit replacement pay in the amount of \$11,850 of Federal Entitlement Funds:

- Strategy A.1.1 Statewide Intake Services was decreased \$49
- Strategy B.1.1 CPS Direct Delivery Staff was decreased \$9,117
- Strategy B.1.2 CPS Program Support was decreased \$552
- Strategy D.1.1 APS Direct Delivery Staff was decreased \$533
- Strategy D.1.2 APS Program Support was decreased \$182
- Strategy D.1.3 MH and ID Investigations was decreased \$635
- Strategy E.1.1 Child Care Regulation was decreased \$421
- Strategy F.1.1 Central Administration was decreased \$198
- Strategy F.1.2 Other Support Services was decreased \$72
- Strategy F.1.3 Regional Administration was decreased \$10
- Strategy F.1.4 IT Program Support was decreased \$81

➤ Adjustments in anticipated federal entitlement funds were made in the following strategies for a net decrease of \$7,970,814 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):

- Strategy A.1.1 Statewide Intake Services was decreased \$22,364
- Strategy B.1.1 CPS Direct Delivery Staff was decreased \$6,024,917
- Strategy B.1.2 CPS Program Support was decreased \$723,435
- Strategy B.1.10 Other CPS Purchased Services was decreased \$22,035
- Strategy D.1.1 APS Direct Delivery Staff was decreased \$295,408
- Strategy D.1.2 APS Program Support was decreased \$23,286
- Strategy D.1.3 MH and ID Investigations was decreased \$428,200
- Strategy E.1.1 Child Care Regulation was decreased \$171,057
- Strategy F.1.1 Central Administration was decreased \$218,990
- Strategy F.1.2 Other Support Services was decreased \$18,509
- Strategy F.1.3 Regional Administration was decreased \$996
- Strategy F.1.4 IT Program Support was decreased \$457,136
- Strategy F.1.5 Agency-Wide Automated Systems was increased by \$435,519

BUDGET VARIANCES

This report reflects a net agency surplus of \$2.9 million surplus consisting of \$1.6 million General Revenue, \$1.0 million Federal Funds and 0.3 million of Other Funds.

Strategy B.1.1 CPS Direct Delivery Staff has projected \$1.9 million surplus consisting of \$1.7 million General Revenue and \$0.2 million Other Funds based on lower than anticipated travel and other operating expenses due to vacancy rates.

Strategy B.1.2 CPS Program Support has a projected surplus of \$3.9 million consisting of \$3.1 million General Revenue, \$0.7 million Federal Capped Grants and \$0.1 million Other Funds, based on vacancy rates and expenditure trends.

Strategy B.1.10 Other CPS Purchased Services has a projected surplus of \$1.6 million of General Revenue. This surplus will be used to create new and increase the existing Capital Projects, pending Legislative Budget Board and Governor's Office of Budget, Planning and Policy approval.

Strategy C.1.5 Other At-Risk Prevention Programs has a projected surplus of \$8.1 million of General Revenue. According to the Rider 24, DFPS may only use appropriated funds for at-risk prevention services that are competitively procured. DFPS is currently in the process of procuring these services. \$367,000 of General Revenue surplus will be used to create new and increase the existing Capital Projects, pending Legislative Budget Board and Governor's Office of Budget, Planning and Policy approval.

Strategy C.1.6 At-Risk Prevention Program Support has a projected surplus of \$0.5 million, consisting of \$0.4 million of General Revenue and \$0.1 million of Federal Capped grants, created by vacancies.

Strategy D.1.1 APS Direct Delivery Staff has projected surplus of \$2.0 million, consisting of \$1.7 million of General Revenue and \$0.3million of Federal Capped Grants due to vacancy rates.

Strategy F.1.2 Other Support Services has a projected shortfall of \$0.6 million of General Revenue. The billings from Department of Public Safety increased from historical trends due to the efficiencies built into their systems.

Strategy F.1.4 IT Program Support has a projected surplus of \$1.5million of General Revenue. The surplus will be used to cover shortfalls in other Indirect Administration Strategies and/or other agency needs.

The following General Revenue variances are projected based on the HHSC November 2013 caseload and expenditure forecast:

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$0.9 million.
- Strategy B.1.4 TWC Relative Day Care has a projected surplus of \$0.2 million.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$7.1 million.
- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$7.0 million.
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected shortfall of \$2.4 million.
- Strategy B.1.13 Relative Caregiver Monetary Assistance Payments Care has a projected surplus of \$0.3 million.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

Projected expenditures are being allocated on the most recent cost allocation results which indicates that the agency will be unable to claim entitlement funds at the levels assumed in the appropriation bill.

OTHER KEY BUDGET ISSUES

DFPS is currently estimating a reduction of \$7.6 million federal funds due to sequestration. Utilization of prior year grant balances and other adjustments help minimize the impact to DFPS programs, resulting in an estimated overall impact of \$1.8 million. The operating budget will not be reduced until later in the year when the agency receives the actual grant award for the affected federal funds.

CAPITAL BUDGET ISSUES

No significant variances are projected at this time. The Capital Projects schedule has been updated to reflect current year-to-date expenditures.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Letter Topic	HHSC/DFPS	Approval/Response Received by	
Appropriation Year 2014	Letter Date	January 2, 2014	Governor
		LBB	
Transfer funds into DFPS Indirect Strategy F.1.5 Agency-Wide Automated Systems to create new or increase existing Capital Budget Projects	01/29/2014	N	N

Please contact Beth Cody, Budget Director, at 438-3351 if you have any questions or require additional information.

Sincerely,



Tracy Henderson
Interim Chief Financial Officer

cc: Garnet Coleman, State Representative
Dianna Velasquez, Governor's Office
Jamie Dudensing, Lieutenant Governor's Office
Rob Ries, Lieutenant Governor's Office
Jennifer Deegan, Speaker's Office
Sarah Hicks, Senate Finance Committee
Keith Yawn, House Appropriations Committee
Heather Fleming, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board