



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
H. L. Whitman, Jr.

July 29, 2016

Mr. Ky Ash, Budget Director
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Ms. Constance Allison, Policy Director
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Mr. Drew DeBerry, Budget and Policy 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 Mr. Ash, Ms. Allison, Mr. DeBerry, and Ms. Parks:

Enclosed is the agency's FY 2016 Monthly Financial Report as of May 2016. 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

There were no adjustments made to the operating budget in the month of May.

BUDGET VARIANCES

This report reflects a net agency shortfall of \$12.3 million consisting of a \$16.9 million shortfall in General Revenue, \$2.9 million surplus in Capped Grants and TANF, and \$1.7 million surplus in Other Funds.

The current report reflects projected expenditures based on unfilled FTE trends. Significant budget variances are identified below.

- Strategy A.1.1 Statewide Intake Services has a projected shortfall of \$0.8 million General Revenue. This shortfall is due to the allocated portion of DFPS Central Fund projected expenses to SWI exceeding the portion of the budget allotted for this purpose.
- Strategy B.1.1 CPS Direct Delivery Staff has a projected surplus of \$4.5 million consisting of \$2.9 million in General Revenue and \$1.6 million in Other Funds. This surplus is due to the continuation of vacant FTE cap positions.
- Strategy B.1.2 CPS Program Support has a projected surplus of \$1.5 million consisting of \$0.3 million in General Revenue and \$1.2 million in Capped Grants. This surplus is due to the continuation of vacant FTE cap positions. The capped grants will be re-budgeted in 2017.
- Strategy B.1.4 Adoption Purchased Services has a projected shortfall of \$1.7 million in General Revenue. It is anticipated that this shortfall can be reduced, if not fully mitigated, by increasing the strategy utilizing the Adoption and Legal Guardianship Incentive Bonus. This adjustment will be reflected in a future report.
- Strategy B.1.5 Post-Adoption Purchased Services has a projected shortfall of \$0.5 million in General Revenue due to contractors providing RTC services to children so they do not come back into CPS care.
- Strategy B.1.6 PAL Purchased Services has a projected surplus of \$0.5 million consisting of \$0.2 million in General Revenue and \$0.3 million in Capped Grants. This surplus is due to PAL Education & Training Vouchers that are for trade school oriented kids rather than college oriented kids. The federal portion of the PAL grant will be re-budgeted in 2017.
- Strategy B.1.7 Substance Abuse Purchased Services has a projected shortfall of \$2.1 million in General Revenue. DFPS has staffed a focus group to research regional drug-testing processes and protocols in an effort to reduce these costs. Additionally, direct delivery staff are receiving targeted substance abuse training so that caseworkers authorize the most appropriate type of drug test to achieve casework objectives.
- Strategy B.1.8 Other CPS Purchased Services has a projected surplus of \$0.9 million consisting of \$0.6 million in General Revenue and \$0.3 million in Capped Grants. As expenditures continue to fluctuate, balances may be reduced or used for other purchased services strategies projecting deficits.
- Strategy C.1.4 Child Abuse Prevention Grants has a projected surplus of \$1.1 million in Capped Grants. This surplus is primarily due to delays in new contract start-up.
- Strategy C.1.5 Other At-Risk Prevention has a projected surplus of \$1.3 million in General Revenue. This surplus is primarily due to delays in new contract start-up.
- Strategy D.1.1 APS Direct Delivery Staff has a projected surplus of \$0.8 million in General Revenue. The surplus is primarily due to vacant FTEs.
- Strategy D.1.2 APS Program Support has a projected surplus of \$0.7 million in General Revenue. The surplus is primarily due to vacant FTEs.
- Strategy E.1.1 Child Care Regulation has projected surplus of \$3.0 million consisting of \$2.9 million in General Revenue and \$0.1 million in TANF and Other funds combined. The surplus is primarily due to vacant FTEs. These surplus funds may be utilized to offset shortfalls elsewhere in the agency.
- Strategy F.1.1 Central Administration has a projected surplus of \$1.2 million in General Revenue. This surplus is due to vacant FTEs.

- Strategy F.1.2 Other Support Services has a projected surplus of \$0.4 million in General Revenue. This surplus is due to vacant FTEs.
- Strategy F.1.3 Regional Administration has a projected surplus of \$0.2 million in General Revenue. This surplus is due to vacant FTEs.
- Strategy F.1.4 IT Program Support has a projected surplus of \$1.6 million in General Revenue. This surplus is due to vacant FTEs.

The following General Revenue variances are projected based on the HHSC May 2016 caseload and expenditure forecast:

- Strategy B.1.3 TWC Purchased Day Care Services has a projected shortfall of \$6.4 million.
- Strategy B.1.9 Foster Care Payments has a projected shortfall of \$18.4 million.
- Strategy B.1.10 Adoption Subsidy/PCA Payments has a projected shortfall of \$0.7 million.
- Strategy B.1.11 Relative Caregiver Monetary Assistance Payments has a projected surplus of \$0.3 million.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

There are no significant changes from the April monthly financial report.

OTHER KEY BUDGET ISSUES

DFPS submitted a letter on June 23, 2016 to address projected strategy shortfalls for fiscal years 2015 and 2016. These notifications and approvals were included in the agency's base reconciliation submitted on June 30, 2016. DFPS will continue to monitor the surpluses and deficits for both years.

CAPITAL BUDGET ISSUES

There are no capital budget issues from the April monthly financial report.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Letter Topic Appropriation Year 2016	HHSC/DFPS Letter Date	June 30, 2016 LBB	June 30, 2016 Governor
Notification and Request for Budget Authority – FY 2015 and FY 2016	June 23, 2016	N	N
Request for Approval to Increase Rate for Foster Care Redesign Region 3b	June 27, 2016	N	N

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Please contact Norton Teutsch, Budget Director, at 438-2939 if you have any questions or require additional information.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Subia".

Lisa Subia
Chief Financial Officer

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