



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

September 6, 2013

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 2013 Monthly Financial Report as of July 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 July. In total, the operating budget was decreased by \$3,604,338.

- The following adjustment was made for changes in block grants or capped federal funds for a net decrease of \$3,087,664 under Art. IX, Sec. 8.02, Federal Funds/Block Grants:
 - Strategy B.1.10 Other CPS Purchased Services was decreased by \$3,087,664 to reflect the federal sequestration reduction of SFY 2013 Block Grants
 - ⇒ Title IV-B, Part 2 Promoting Safe and Stable Families was decreased a net amount of \$1,279,514
 - ⇒ Title IV-B, Part 2 Promoting Safe and Stable Families - Caseworker Visits was decreased by \$107,534
 - ⇒ Title IV-E Chafee Education and Training Vouchers Program ETV, was decreased by \$215,852
 - ⇒ Title IV-B, Part 1 Child Welfare Services State Grant was decreased by a net amount of \$1,326,788
 - ⇒ Child Abuse and Neglect State Grants, was decreased by \$157,976
- The following adjustments were made in accordance with Art IX, Sec 14.01, Appropriation Transfers (2012-13 GAA):

- With written approval from the Legislative Budget Board and Governor's Office for the request dated July 3, 2013 (LBB approval received August 2, 2013; Governor's approval received August 14, 2013)
 - ⇒ \$4,487,138 General Revenue was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy B.1.5 TWC Protective Day Care to cover a projected shortfall
 - ⇒ \$40,609 General Revenue was transferred from Strategy B.1.4 TWC Relative Day Care to Strategy B.1.3 TWC Foster Day Care
- The following adjustment was made in accordance with Art IX, Sec 6.22 (i), Amounts Contingent on Collection of Earned Federal Funds:
 - Strategy B.1.11 Foster Care Payments was decreased \$28,165.
- Adjustments in anticipated federal entitlement funds were made in the following strategies for a net decrease of \$488,509 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
 - Strategy A.1.1 Statewide Intake Services was decreased \$2,796
 - Strategy B.1.1 CPS Direct Delivery Staff was increased \$33,059
 - Strategy B.1.2 CPS Program Support was decreased \$3,576
 - Strategy B.1.3 TWC Foster Day Care was decreased \$33,097
 - Strategy B.1.10 Other CPS Purchased Services was decreased \$2,772
 - Strategy B.1.11 Foster Care Payments was decreased \$576,003
 - Strategy B.1.12 Adoption Subsidy Payments was increased \$72,182
 - Strategy D.1.1 APS Direct Delivery Staff was increased \$2,942
 - Strategy D.1.2 APS Program Support was decreased \$6,629
 - Strategy D.1.3 MH and MR Investigations was increased \$4,091
 - Strategy E.1.1 Child Care Regulation was increased \$7,250
 - Strategy F.1.1 Central Administration was decreased \$4,544
 - Strategy F.1.2 Other Support Services was increased \$14,553
 - Strategy F.1.4 IT Program Support was increased \$6,831

BUDGET VARIANCES

This report reflects a net agency surplus of \$9.8 million that consists of a \$5.4 million surplus in General Revenue, a \$0.8 million surplus in TANF ECF, a \$2.8 million surplus in other federal funds, and a \$0.8 million surplus in other funds.

Strategy B.1.1 CPS Direct Delivery Staff has a projected shortfall of a \$3.7 million All Funds. This projected shortfall assumes a worst-case scenario that all budgeted positions will be filled for the one remaining month in the fiscal year. This is not likely to happen given the current vacancy rates. We expect the projected shortfall to come down in next month's report.

Strategy B.1.2 CPS Program Support has a projected surplus of \$1.8 million All Funds. Almost \$1.2 million of this surplus cannot be used for other purposes and therefore cannot be transferred to other strategies where additional funds are needed. There is \$0.6 million of surplus General Revenue that will help cover the shortfall in Strategy B.1.1.

Strategy B.1.4 TWC Relative Day Care has a projected surplus of \$0.9 million General Revenue based on the HHSC August 2013 forecasted caseload update. These funds are available to cover needs in other areas of the agency's budget.

Strategy B.1.5 TWC Protective Day Care has a projected surplus of \$0.7 million General Revenue based on the HHSC August 2013 forecasted caseload update. These funds are available to cover needs in other areas of the agency's budget.

Strategy B.1.11 Foster Care Payments has a projected surplus of \$1.8 million General Revenue based on the HHSC August 2013 forecasted caseload update. These funds are not available to cover needs in other areas of the agency's budget.

Strategy C.1.1 STAR Program has a projected surplus of \$1.5 million All Funds. This surplus is based on projected trends that indicate contracted providers will not fully utilize their contracted budgets. These funds are available to cover needs in other areas of the agency's budget.

Strategy D.1.1 APS Direct Delivery Staff has a projected surplus of \$3.1 million All Funds. Almost \$1.9 million of this surplus is budgeted Title XX that will be reduced from the budget to implement the federal sequestration spending cut for this federal program.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This month's report reflects the federal budget reductions associated with sequestration. We book the budget adjustments when the federal award notice is received. All sequestration reductions for DFPS have been booked except for Title XX.

OTHER KEY BUDGET ISSUES

There are no other key budget issues.

CAPITAL BUDGET ISSUES

No significant variances are projected at this time.

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

Sincerely,



Cindy Brown
Chief Financial Officer

cc: Garnet Coleman, State Representative
Dianna Velasquez, Governor's Office
Jamie Dudensing, Lieutenant Governor's Office
Julia Rathgeber, Lieutenant Governor's Office
Jennifer Deegan, Speaker's Office
Sarah Hicks, Senate Finance Committee
Keith Yawn, House Appropriations Committee
Heather Fleming, House Appropriations Committee

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Melitta Berger, Legislative Budget Board

Shaniqua Johnson, Legislative Budget Board