



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

March 31, 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 February 2014. 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 February. In total, the operating budget was decreased by \$265,799.

- The following adjustments were made for changes in block grants or capped federal funds for a net decrease of \$265,799 under Art. IX, Sec. 8.02, Federal Funds/Block Grants:
 - Strategy D.1.1 APS Direct Delivery Staff was decreased \$265,799 to reflect the surplus re-budget of Elder Abuse Prevention Interventions Program grant from SFY 2014 to SFY 2015. Staff are currently preparing no-cost extension documentation for submission to the federal government.

BUDGET VARIANCES

This report reflects a net agency surplus of \$3.7 million surplus consisting of \$2.7 million General Revenue, \$0.8 million Federal Funds and 0.2 million of Other Funds.

Strategy B.1.1 CPS Direct Delivery Staff has projected \$0.8 million surplus consisting of \$0.7 million General Revenue and \$0.1 million Other Funds based on lower than anticipated travel and other operating expenses due to vacant FTEs.

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 vacant FTEs 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 \$1.7 million of General Revenue due to vacant FTEs.

Strategy E.1.1 Child Care Regulation has projected surplus of \$0.8 million of General Revenue due primarily to vacant FTEs.

Strategy F.1.2 Other Support Services has a projected shortfall of \$0.6 million of General Revenue. This projected shortfall is related to an anticipated increase in the expenditures related to the IAC with the Texas Department of Public Safety for costs associated with processing criminal background checks.

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 February 2014 caseload and expenditure forecast:

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$0.6 million.
- Strategy B.1.4 TWC Relative Day Care has a projected surplus of \$0.3 million.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$6.3 million.
- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$8.0 million.
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected shortfall of \$1.9 million.
- Strategy B.1.13 Relative Caregiver Monetary Assistance Payments Care has a projected surplus of \$1.3 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 Appropriation Year 2014	HHSC/DFPS Letter Date	Approval/Response Received by March 31, 2014	
		LBB	Governor
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
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