



Texas Department of Family and Protective Services

Commissioner
Jaime Masters

January 5, 2021

Ms. Sarah Hicks, Director of Policy and Budget
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Mr. Jerry McGinty, Director of Legislative Budget Board
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Ms. Hicks and Mr. McGinty:

Enclosed is the agency's FY 2021 Financial Report as of November 2020. 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.

Schedules are updated to meet the reporting requirements in Rider 6, Other Reporting Requirements. A.1.1, Statewide Intake Services, and D.1.1, APS Direct Delivery Staff, are added to Schedule 11, which provides 5-year detail of actual and projected expenditure information by Object of Expense and Method of Finance. Also in accordance with Rider 6, Other Reporting Requirements, Statewide Intake performance measures are included in Schedule 9, Select Performance Measures. Revenue for Object Code 3770, Administrative Penalties, is included in the Revenue Schedule for Appropriated Receipts (0666) to meet the requirements for Rider 34, Contractor Penalties and Incentives.

BUDGET ADJUSTMENTS

The budget adjustments listed below apply to the appropriation year 2021 as of the end of November 2020. Adjustments to Department of Family and Protective Services (DFPS) appropriation pattern as detailed in the Conference Committee version of H.B.1, 86th Legislature, Regular Session are described below:

- A. This adjustment reflects the appropriation pursuant to Art IX, Sec 18.74, Contingency for Senate Bill 781, Relating to the Regulation of Child-care Facilities.

B. Pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants, adjustments have been made to align federal funds/block grants with award amounts and re-budget federal funds/block grants between FY20 and FY21. Total amounts by CFDA are listed below.

93.556.003 - Title IV-B, Part 2 – Kinship Navigator \$1,073,616
93.556.004 - Title IV-B, Part 2 – NEICE \$349,000
93.556.005 - Title IV-B, Part 2 – FFTA \$2,849,309
93.590 - Community-Based Child Abuse Prevention Grants \$1,406,605
93.599 - Title IV-E ETV \$458,729
93.603 - Adoption Incentive Payments (\$1,556,000)
93.643 - Children's Justice Grants to States \$137,898
93.645.001 - Title IV-B, Part 1 Child Welfare Services State Grant CARES Act \$3,316,555
93.669 - Child Abuse and Neglect State Grants \$2,178,427
93.674 - Chafee Foster Care Independence Program \$1,025,000
93.747 - Elder Abuse Prevention Interventions Program \$314,158
93.870 - Home Visiting Grant – Formula \$2,577,112

C. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements. Total amounts by CFDA are listed below.

93.090.050-Title IV-E Guardianship Assistance - Administration \$562,250
93.658.050-Title IV-E Foster Care – Administration (\$7,320,191)
93.658.060-Title IV-E Foster Care – FMAP (\$672,002)
93.658.075-Title IV-E Foster Care-Training-75% \$2,927,584
93.659.050-Title IV-E Adoption Assistance - Administration \$866,156
93.659.075-Title IV-E Adoption Assistance-Training-75% (\$3,014)
93.778.003-Medical Assistance Program 50% (\$430,092)

D. This adjustment reflects changes in estimated interagency contracts pursuant to Art IX, Sec 8.02, Reimbursements and Payments.

E. This adjustment reflects changes in estimated conference fee collection pursuant to Art IX, Sec 8.07, Conference Fees.

F. This adjustment reflects transfers between non-capital and capital budget items pursuant to Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2020-21 GAA) per approved RTE (DFPS-2020-A-006), 08/24/2020 - Authority to expend FFTA funding on a new capital project). [See Schedule 8 for project detail]

G. This adjustment reflects changes in estimated gift revenue collected pursuant to Art IX, Sec 8.01, Acceptance of Gifts of Money.

- H. This adjustment reflects transfers between appropriations within 20 percent limitation to cover projected expense pursuant to Art IX, Sec 14.01(a), Appropriation Transfers (2020-21 GAA)
- I. This adjustment reflects appropriation adjustment pursuant to Art II, Rider 43, Community-based Care Oversight Staff (2020-21 GAA), FSU.
- J. This adjustment reflects appropriation adjustment pursuant to Art II, Rider 29, Community-based Care Payment (2020-21 GAA), FSU.
- K. Pursuant to Art IX, Sec 14.01 (d)(1) Appropriation Transfers, this adjustment reflects transfers from one appropriation item to another appropriation item within the same Indirect Administrative goal without limitation as to the amount of such a transfer.
- L. This adjustment reflects the carry forward of unexpended capital balances from FY20 to FY21 for Strategy F.1.1, Agency-Wide Automated Systems pursuant to Art IX, Sec 14.03 (i), Limitation on Expenditures – Capital Budget UB (2020-21 GAA). [See Schedule 8 for project detail]
- P. Pursuant to Article IX, Sec. 14.05. Unexpended Balance Authority Between Fiscal Years within the Same Biennium, the adjustment reflects carry forward from 2020 to 2021 per approved RTE (DFPS -2020-A-0005).

BUDGET VARIANCES

Schedules 1, 4, and 5 of this report reflect the agency's current projections for program expenditures, the LAR forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program. Projections for forecasted programs have been further adjusted to reflect anticipated general revenue savings from the enhanced FMAP rates approved through the CARES Act. The agency has also increased projections to account for the increased costs of supplemental payments to providers for 24-hour awake supervision requirements.

This report reflects an agency shortfall of \$4.5 Million all funds consisting of a surplus \$1.3 million in General Revenue and a deficit of \$5.8 million in Federal Funds.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
 - 0758 - GR- Medicaid Match
 - 8008 – GR Title IV-E FMAP
 - 93.558 – Temporary Assistance to Needy Families (TANF)
 - 93.658.075 - Title IV-E Foster Care-Training-75%
 - 93.659.050 – Title IV-E Adoption Assistance – Administration
 - 93.659.075 - Title IV-E Adoption Assistance-Training-75%

- 93.778.003 - Medical Assistance Program 50%
- Appropriations for which expense is projected to exceed the adjusted budget are reflected as a negative variance:
 - 0001 – General Revenue
 - 93.090.050 – Title IV-E Guardianship Assistance – Administration
 - 93.090.060 – Title IV-E Guardianship Assistance – FMAP
 - 93.658.050 – Title IV-E Foster Care – Administration
 - 93.658.060 – Title IV-E Foster Care - FMAP
 - 93.659.060 – Title IV-E Adoption Assistance – FMAP

The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$19.1 million shortfall
- Non-Entitlement Programs - \$20.4 million lapse

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This is the third Monthly Financial Report for FY 2021.

OTHER KEY BUDGET ISSUES

This month's report reflects the LAR forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and Relative Other Designated Caregiver program. The forecast resulted in a shift in variances as the enhanced FMAP rates are included in the forecast and projections are reduced based on updated factors.

The report reflects a projected shortfall in CPS Purchased Client Services, which maintains FY20 projected spending levels. Additionally, the report reflects available lapses identified as part of the governor's request for a 5% reduction in general revenue.

A request to exceed authority to carry forward unutilized funds from FY 2020 to FY 2021 to address court ordered heightened monitoring requirements for 24-hour residential care facilities was submitted on June 19, 2020 (DFPS-2020-A-004).

In accordance with Article IX, Section 6.10, DFPS is providing notification of paid FTEs exceeding the appropriated FTE cap. As referenced in Schedule 2 of the enclosed monthly financial report, DFPS has paid an average of 12,738.5 full-time equivalents (FTEs) in the first quarter of fiscal year 2021. This exceeds the general appropriations act (GAA) FTE level of 12,103.5. The GAA FTE level was established to account for reductions in FTEs associated with the implementation of Community Based Care (CBC), some of which are not scheduled to occur until later in the year. Specifically, the FTE reduction associated with the implementation of catchment areas 8A stage II, and 8B, stage I. Additionally, in consultation with the Legislative Budget Board, it was determined the FTE reduction associated with the implementation for

catchment area 3B (initially scheduled for FY 2019) was twice the actual reduction amount thus lowering the FTE level below the appropriated level of funding in the FY 2020- 2021 biennium. As referenced in the Adjusted Cap column of Schedule 2, the GAA FTE level has been increased to account for the 3B reduction, and to temporarily account for the FTEs in catchment areas 8A and 8B. The adjusted cap in Schedule 2 will be updated at the time these catchment areas are implemented. Lastly, DFPS has created 171 positions necessary to support the Foster Care Lawsuit which has contributed to the excess in paid FTEs. Although the FTEs exceed the GAA FTE limitation, the cost for the FTEs is projected to remain within appropriated funding.

CAPITAL BUDGET ISSUES

The budget in Schedule 8 (Capital Projects) reflects the DFPS 2020-2021 capital appropriation levels. Future adjustments will be reflected in Monthly Financial Reports as revenues are realized and/or actual adjusting entries are processed in the Uniform State Accounting System.

- C. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements.
- F. This adjustment reflects transfers between non-capital and capital budget items pursuant to Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2020-21 GAA). *[See Schedule 8 for project detail]*
- L. This adjustment reflects the carry forward of unexpended capital balances from FY20 to FY21 for Strategy F.1.1, Agency-Wide Automated Systems pursuant to Art IX, Sec 14.03 (i), Limitation on Expenditures – Capital Budget UB (2020-21 GAA). *[See Schedule 8 for project detail]*

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Schedule 10 contains a full listing of request for approval and notifications that DFPS has submitted for the fiscal year. The items listed below are pending or newly approved.

Letter Topic Appropriation Year	HHSC/DFPS Letter Date	LBB	Governor
Request for Approval for Carry Forward to meet Court Ordered Heightened Monitoring Requirements [DFPS-2020-A-004]	June 19, 2020	N	Y

Ms. Sarah Hicks
Mr. Jerry McGinty
January 5, 2021
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Please feel free to contact me at 512-438-2022 if you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink that reads "Lea Ann Biggar". The signature is written in a cursive, flowing style.

Lea Ann Biggar
Budget Director

cc: Garnet Coleman, State Representative
Elizabeth Farley, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Stacey Gilliam, Senate Finance Committee
Alyssa Jones, Senate Finance Committee
Leora Rodell, Legislative Budget Board
Andrea Nikic, Legislative Budget Board
Nicole Delaney, Legislative Budget Board
Rob Coleman, Director of Fiscal Management