



Texas Department of Family and Protective Services

Commissioner
Jaime Masters, MS, MFT

October 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 August 2021. 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.

In addition, a supplemental report is provided in accordance with Rider 48, Family First Transition Act Funds as outlined in S.B.1, 87th Legislature, Regular Session.

BUDGET ADJUSTMENTS

The budget adjustments listed below apply to the appropriation year 2021 as of the end of August 2021. 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.

21.019.000 - Coronavirus Relief Fund \$174,900,652
93.556.001 – Title IV-B, Part 2 – PSSF \$2,100,000
93.556.002 – Title IV-B, Part 2 – PSSF-Caseworker Visits \$221,559
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 \$867,261
93.556.119 – Title IV-B, Part 2 – HR 133 Coronavirus \$8,319,214
93.590.000 - Community-Based Child Abuse Prevention Grants \$1,996,106
93.599.000 - Title IV-E ETV \$459,236
93.599.119 - Title IV-E ETV HR 133 Coronavirus \$3,680,546
93.603.000 - Adoption Incentive Payments (\$1,556,000)
93.643.000 - Children's Justice Grants to States \$97,869
93.645.00 – Title IV-V, Part 1 Child Welfare Services State Grant \$281,952
93.645.001 - Title IV-B, Part 1 Child Welfare Services State Grant CARES Act \$3,312,999
93.669.000 - Child Abuse and Neglect State Grants \$12,034,495
93.674.000 - Chafee Foster Care Independence Program \$1,306,288
93.674.119 - Chafee Foster Care Independence Program HR 133 Coronavirus \$20,422,153
93.747.000 - Elder Abuse Prevention Interventions Program \$314,158
93.747.119 – Elder Abuse PIP HR 133 Coronavirus \$4,674,152
93.870.000 - Home Visiting Grant – Formula \$2,711,457

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 \$596,229
93.090.060- Title IV-E Guardianship Assistance – FMAP \$1,140,182
93.658.050-Title IV-E Foster Care – Administration (\$3,985,035)
93.658.060-Title IV-E Foster Care – FMAP \$8,615,616
93.658.075-Title IV-E Foster Care-Training-75% \$3,048,919
93.659.050-Title IV-E Adoption Assistance - Administration \$1,171,281
93.659.060- Title IV-E Adoption Assistance – FMAP \$15,193,233
93.659.075-Title IV-E Adoption Assistance-Training-75% (\$3,014)
93.778.003-Medical Assistance Program 50% (\$190,616)

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). Includes approved RTE (DFPS-2020-A-006), 08/24/2020 - Authority to expend FFTA funding on a new capital project) as well as transfer from Capital Budget item to another Capital Budget items within 25% authority. [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).
- V. These adjustments reflect budget adjustments appropriated by the 87th Legislature, Regular Session House Bill 2, Sections 35(a) (5), 35(d) (4), 49, 50 and 51.

BUDGET VARIANCES

Schedules 1, 4, and 5 of this report reflect the agency's current projections for program expenditures, the 2021 Summer forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program as well as an entitlement budget adjustment for the enhanced FMAP. Projections for forecasted programs have been further adjusted to reflect anticipated general revenue savings from the enhanced FMAP rates approved through the CARES Act through the end of the fiscal year. The agency has also increased projections to account for federal funds received under HR 748:

Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) and HR 133: Consolidated Appropriations Act, 2021 (Public Law 116-260) and the increased costs of supplemental payments to providers for 24-hour awake supervision requirements. Finally, the agency made budgetary adjustment as appropriated by 87th Legislature, Regular Session House Bill 2, Sec 35(A)(5), 35(d)(4), 49, 50 and 51.

This report reflects an agency surplus of \$55.9 million all funds consisting of a surplus \$32.3 million in General Revenue and a surplus of \$23.6 million in Federal Funds.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
 - 0001 – General Revenue
 - 0758 - GR- Medicaid Match
 - 8008 – GR Title IV-E FMAP
 - 93.558 – Temporary Assistance to Needy Families (TANF)
 - 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
 - 93.658.075 - Title IV-E Foster Care-Training-75%
 - 93.659.050 – Title IV-E Adoption Assistance – Administration
 - 93.659.060 – Title IV-E Adoption Assistance – FMAP
 - 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:
 - 93.090.050 – Title IV-E Guardianship Assistance – Administration

The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$5.1 million deficit
- Non-Entitlement Programs - \$37.5 million lapse

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This is the twelfth Monthly Financial Report for FY 2021.

OTHER KEY BUDGET ISSUES

This month's report reflects an updated Summer forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and Relative Other Designated Caregiver program. The forecast includes updating the end date for enhanced FMAP rates to September 2021 and incorporates changes in expense type for the Foster Care Payment strategy.

The agency has also adjusted budget and projections to account for federal funds received under HR 748: Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) and HR 133: Consolidated Appropriations Act, 2021 (Public Law 116-260), as well as the associated reduction in general revenue. Finally, the agency made budgetary adjustment as appropriated by 87th Legislature, Regular Session House Bill 2, Sec 35(A)(5), 35(d)(4), 49, 50 and 51.

Additionally, the report reflects available lapses identified as part of the governor's request for a 5% reduction in general revenue.

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 12,708.4 full-time equivalents (FTEs) through the end of June. 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 duplicated, 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 duplicated 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.

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.

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]*.

V. These adjustments reflect budget adjustments appropriated by the 87th Legislature, Regular Session House Bill 2, Sections 35(a) (5), 35(d) (4), 49, 50 and 51.

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
Notification of Use of Federal One-Time Grant Funding through Community-Based Child Abuse Prevention (CBCAP) [DFPS-2022-N-001]	September 13, 2021	N/A	N/A

Please feel free to contact me at 512-929-7427 if you have any questions or require additional information.

Sincerely,



Lea Ann Biggar
Budget Director

- cc: Garnet Coleman, State Representative
Elizabeth Farley, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Molly Czepiel, Speaker's Office
William Seilheimer, House Appropriations Committee
Stacey Gilliam, Senate Finance Committee
Alyssa Jones, Senate Finance Committee

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Julie Lindsey, Legislative Budget Board
Andrea Nikic, Legislative Budget Board
Nicole Delaney, Legislative Budget Board
Rob Coleman, Director of Fiscal Management

Appendix: Rider 48 Report, September 2021

Pursuant to Rider 48 of Senate Bill 1, 87th Legislative Session, DFPS is submitting this report on the progress of increasing the capacity of qualifying community-based prevention and family preservation services, including a full accounting of funds expended.

DFPS is in the process of formulating a comprehensive implementation plan that takes into the account all of the requirements of legislation and funding related to the Family First Prevention Services Act (FFPSA) and Family First Transition Act (FFTA) federal funds, including the direction given in House Bill 3041, Senate Bill 910, Senate Bill 1896, and the funding allocated through Rider 48. DFPS is working to ensure that implementation plans achieve the goals of all these pieces of legislation and best utilize existing agency resources.

Rider 48(c) provided funding for the Nurse Family Partnership (NFP) program to expand capacity as allowed by FFPSA. While NFP currently provides evidence-based services included on the Administration for Children and Families' (ACF) website, DFPS' Prevention and Early Intervention (PEI) division manages contracts for upstream prevention efforts for families who are usually not involved with the child welfare system and therefore not eligible under FFPSA. In response to the rider, PEI is working to incorporate these additional funds into existing contracts for NFP providers to deliver evidence-based services to pregnant and parenting foster youth who are eligible under FFPSA.

Rider 48(d) provided additional funding for the DFPS Qualified Residential Treatment Program (QRTP) Pilot Project for which \$8 million in FFTA funds was previously authorized. Though QRTPs are an appropriate placement for a small minority of children in congregate care, they are also one of the few Title IV-E reimbursable congregate care settings in Texas after September 29, 2021. While Texas already had plans to develop the QRTP pilot (as evidenced by the request to allocate \$8 million in FFTA funds for that purpose prior to the 87th Legislative Session), SB 1896 requires the agency to add QRTPs to the permanent continuum of care. DFPS is currently in the process of designing the pilot program with plans to begin the pilot in Spring 2022. The results of the pilot will inform the addition of QRTPs to the permanent continuum of care as required by SB 1896.

Planning for implementation of the remaining sections of Rider 48 (48a, 48b, and 48e) is underway. Efforts are focused on ensuring the pilots, programs, and services required by the rider and associated laws are implemented in a manner consistent with their intent, compatible with other provisions of law, and establish a foundation for Texas to build capacity and infrastructure to best meet the needs of children and families while ensuring the highest likelihood of future federal reimbursement.

Family First Transition Act (FFTA) Funded Projects

Project	Description	FFTA Funding
Necessary IT Changes	In order to comply with FFPSA, Texas must make several changes to existing IT systems, including accommodations for Title IV-E funding, changes to the NEICE system for interstate placements of children, and more.	\$8.4 Million
Rider 48(a) Pilot FFPSA Services through CPS	Implementation approach is in development.	\$8.9 Million
Rider 48(b) Court-Ordered FFPSA Services Pilots	HB 3041 required DFPS to conduct two pilots that provide court ordered FFPSA services to a specific population of families in lieu of removal.	\$9.8 Million
Rider 48(c) Texas Nurse Family Partnership (NFP) Expansion	As the home visiting programs provided by Texas NFP are FFPSA eligible, these funds will be used to expand this program to serve an eligible population.	\$2.6 Million
QRTP Pilots (including Rider 48(d))	Encourage providers to become accredited under the QRTP model and operate several pilots where children with serious emotional or behavioral disorders or disturbances: <ul style="list-style-type: none"> - \$1.5 million in incentive grants for providers to obtain accreditation - \$5.5 million for residential provider payments \$1.0 million for DFPS implementation staff (4.0 FTEs)	\$8.0 Million (received prior to 87R through RTE) \$9.97 Million (received through SB 1 during 87R)
Rider 48(e) SB 1896 Requirement to Begin Transitioning FBSS to FFPSA Eligible Services	Implementation approach is in development.	\$2.6 Million
TOTAL		\$50.3 Million