



Texas Department of Family and Protective Services

Commissioner
Audrey O'Neill

March 25, 2026

Mr. Fisher Reynolds, Budget Director
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, TX 78701

Ms. Nora Velasco, Deputy Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Mr. Reynolds and Ms. Velasco:

Enclosed is the agency's FY 2026 Monthly Financial Report as of December 2025. 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.

Pursuant to the Article II Special Provisions, Sec. 27, schedules for FY 2026 and have been updated to align with the updated reporting structure. Also, Revenue for Object Code 3770, Administrative Penalties, is included in the Revenue Schedule for Appropriated Receipts (0666) to meet the requirements for Rider 28, Contractor Penalties, and Incentives.

BUDGET VARIANCES

Schedule 1 of this report reflects the agency's current projections for program expenditures, and the Summer Forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program.

This report reflects an agency deficit of \$158.7 million in all funds consisting of a deficit of \$140 million in General Revenue, a deficit of \$19.1 million in Federal Funds and a lapse of \$0.4 million of Child Support Collections appropriated receipts.

- Appropriations for which expense is projected to exceed the adjusted budget are reflected as a negative variance:
 - 0001 – General Revenue
 - 8008 – GR Title IV-E – FMAP

4900 N LAMAR BLVD ♦ P. O. BOX 149030 ♦ AUSTIN, TEXAS 78714-9030 ♦ (512) 929-6900

An Equal Opportunity Employer and Provider

- 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
- Appropriations for which expense is projected not to exceed the adjusted budget are reflected as a positive variance:
 - 8093 – Child Support Collections
 - 93.558.000 – Temporary Assistance to Needy Families
 - 93.659.050 – Title IV-E Adoption Assistance - Administration - 50%
 - The projected general revenue variances are summarized as follows:
 - Entitlement Programs - \$139.7 million deficit
 - Non-Entitlement Programs - \$0.3 million deficit

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

No significant changes, however, DFPS-2026-N-002 is reflected in this report. DFPS-2026-N-002 is a notification to transfer FTEs and General Revenue from Strategy B.1.1, CPS Direct Delivery to A.1.1 SWI Services in Fiscal Year 2026 and 2027. Pursuant to the 2026-2027 General Appropriations Act, S.B. |, 89th Legislature, Regular Session, 2025, Article II, DFPS Rider 10(d), Transferability of Resources to transfer 30 FTEs and \$2,424,947 in General Revenue from Strategy B.1.1, Child Protection Services (CPS) Direct Delivery Staff to Strategy A.1.1, Statewide Intake (SWI) Services.

OTHER KEY BUDGET ISSUES

The key driver of the agency deficit lies within Goal B (Strategies B.1.3, B.1.9, B.1.10 & B.1.11). DFPS continues to see growing counts related to children in foster care and has projected the associated costs in this month's report.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

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

Mr. Fisher Reynolds
Ms. Nora Velasco
March 25, 2026
Page 3

Letter Topic	Letter Key	HHSC/DFPS Letter Date	LBB	Governor
Request authority to exceed amounts in Rider 25, Limitation: Community-based Care Payments; carry-forward funds from FY 2026 to FY 2027 for Catchment Area 6A and 6B Stage II Start-up and pay Exceptional Rate that Exceeds Appropriation.	DFPS-2026-A-001	10/7/2025	Approved	Pending
Notification to transfer FTEs and General Revenue from Strategy B.1.1, CPS Direct Delivery to A.1.1 SWI Services in Fiscal Year 2026 and 2027.	DFPS-2026-N-002	10/10/2025	Approved	Approved

Please feel free to contact me at 512-919-7463 if you have any questions or require additional information.

Sincerely,

Yetunde Oyiwola
Budget Director

cc: Bryan Shufelt, Governor's Office
Cory Fish, Governor's Office
Andria Franco, Lieutenant Governor's Office
Madelyn Franks, Speaker's Office
Casey Floren, House Appropriations Committee
Maureen Metteauer, Senate Finance Committee
Stacey Gilliam, Senate Finance Committee
Nicole Childress, Senate Finance Committee
Eduardo Rodriguez, Legislative Budget Board
Andrea Nikic, Legislative Budget Board
Amit Patel, Legislative Budget Board
Samantha Brock, Legislative Budget Board
Clarisse Roquemore, Director of Fiscal Management
Sam Bacarisse, Speaker's Office