



Texas Department of Family and Protective Services

Commissioner
Audrey O'Neill

March 26, 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 January 2026. 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 Winter 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 \$166.3 million in General Revenue and all funds.

- 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)

- The projected general revenue variances are summarized as follows:
 - Entitlement Programs - \$145.3 million deficit
 - Non-Entitlement Programs - \$21 million deficit

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

As referenced above, the expenditure projections for entitlement programs have been updated based on the Winter Forecast. This update has increased the agency deficit by \$7.7 million, including a \$26.3 million increase in General Revenue, and reduction of \$19 million in Federal Funds.

The January 2026 report includes an update for 2025, which reflects a \$0.7 million Temporary Assistance for Needy Families shortfall within the Relative Caregiver Payments strategy (B.1.11) and a \$0.5 million General Revenue shortfall within the TWC Contracted Day Care (B.1.3) strategy.

A Request to Exceed to address these funding shortfalls is forthcoming.

OTHER KEY BUDGET ISSUES

The key driver of the agency deficit lies within Goal B (Strategies B.1.1, B.1.9, B.1.10 & B.1.11) and secondarily in Goal C, Adult Protective Services direct delivery. DFPS continues to see growing counts related to children in foster care which is reflected in the Winter Forecast.

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.

Letter Topic	HHSC/DFPS	LBB	Governor
Appropriation Year	Letter Date		
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.	10/7/2025	Approved	Approved

Mr. Fisher Reynolds
Ms. Nora Velasco
March 26, 2026
Page 3

Notification to transfer FTEs and 10/10/2025 Approved Approved
General Revenue from Strategy
B.1.1, CPS Direct Delivery to A.1.1
SWI Services in Fiscal Year 2026
and 2027.

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

Sincerely,

Yetunde Oyinwola
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