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Minutes of November 23rd, CCOC Budget Committee Meeting

Approved by Budget Committee at meeting on 1/27/21.

The Budget Committee of the Clerk of Courts Operation Corporation (CCOC) held a meeting via WebEx on November 23rd, 2020. An agenda and materials were distributed in advance of the meeting and posted on the CCOC website. Provided below is a summary of staff notes from the meeting. These staff notes are designed to document committee action, not to be a full record of committee discussions. All motions adopted by the committee are in **bold** text. All CCOC staff action items based on committee direction are in red and **bold** text.

1. Agenda Item 1 – Call to Order and Introduction

The meeting was called to order by Clerk JD Peacock, Chair of the Budget Committee. Marleni Bruner, CCOC Senior Budget Manager called the roll.

Present for meeting conference call: Clerk JD Peacock, Clerk Jeffrey Smith, Clerk Tom Bexley, Clerk Ken Burke, Clerk Stacy Butterfield, Clerk Pam Childers, Clerk Gary Cooney, Clerk Brenda Forman, Clerk Greg Godwin, Clerk Tara Green, Clerk Carla Hand, Clerk Bill Kinsaul, Clerk Kellie Rhoades, Clerk Tiffany Moore Russell, Clerk Don Spencer, Clerk Carolyn Timmann, Clerk Angela Vick

Absent from conference call: Clerk Sharon Bock, Clerk John Crawford

2. Agenda Item 2 – Approve Agenda

A motion was made to adopt the agenda by Clerk Green and seconded by Clerk Moore Russell. Hearing no objections, the motion was adopted by consent.

3. Agenda Item 3 – Approve Minutes from October 29th, 2020 Meeting

The minutes from the last meeting on October 29th, 2020 were presented for approval for approval.

A motion was made to adopt the minutes from the October 29th meeting by Clerk Moore Russell and seconded by Clerk Vick. Hearing no objections, the motion was adopted by consent.

4. Agenda Item 4 – CFY 2021-22 Budget Timeline

Clerk Peacock introduced the agenda item and explained that base budget numbers are not necessary before going into session. Clerk Peacock explained that sunk costs or costs outside of clerks' control are often unknown until later in the year.

Clerk Peacock explained that for the 2021 year, the base budget was created with additional requests, like FRS, to support the committee approved budget. The base budget projected \$38.3M more than revenue for the fiscal year. Clerk Peacock explained that \$448M came from the expenditure budget and \$384M from the revenue limited budget. Clerk Peacock reviewed with the committee the Draft Budget Timeline on page 10 of the meeting packet.

Clerk Peacock explained that regarding policy and procedure work, the judge transfer is ready, but can be put off until January, as it is not immediately needed.

Clerk Peacock asked if there were any questions from clerks on the call or others on the call. There were none.

5. Agenda Item 5 – Base Budget Procedure

Clerk Peacock began by referencing page 11 of the meeting packet, a draft of a proposed Base Budget Procedure. Step one indicated that building the budget for CFY 2021-21 would start with the CFY 2020-21 Expenditure Budget of \$448 M, and not the Revenue Limited number (current operational budget amount).

Regarding this draft, Clerk Peacock reviewed several items that may impact the Base Budget. Clerk Peacock explained that FRS (item a) may remain unknown until after session. Likewise, health insurance (item b) will not be known until summer or later, and Clerk Peacock stated that the committee will set a time to set a final amount. Clerk Peacock reviewed the impact of the \$15/hour minimum wage amendment (item c), stating that calculations from each county as to the long-term impacts will be needed for decision making.

Clerk Peacock explained potential legislative issues (item d and e) regarding new clerk which may be outside of the committee's control, but costs can be built into the budget. Clerk Peacock stated that if costs of law changes can be identified, those amounts should be built into the budget costs. Clerk Peacock then asked if anyone could think of any other costs that may need to be noted in building the budget.

Clerk Moore Russell stated that Item C will require each clerk to include calculations for any compression issues. When you bring your base salary up other salaries will have to increase as well.

Clerk Green replied stating that she feels good that when clerks submit their expenditure budget last year, as it provided all clerks to observe the sunk costs. Clerk

Peacock referenced CFY 2019-20 authority, which was built on a reduction of non-recurring funding, included revenue from excess and unexpended dollars, a reduction from vacant positions, and an increase from non-recurring requests. Clerk Peacock then asked for more requests and added FRS.

Clerk Green stated that the cost of living should be added, and Clerk Peacock agreed that this should be applied across the board. This would allow for a steady expenditure budget. Clerk Green requested that clerks put in the amounts to the requests, even if budgets are cut back. Clerk Green stated that regardless of the revenue available, an expenditure budget is necessary.

Clerk Smith stated that the \$15/hour amendment (item c) is graduated, so it is not a lump sum movement. Clerk Moore Russell asked that the committee surveyed where each county is today and how quickly the amendment will impact each county. Clerk Peacock agreed and asked each county to explain how many employees pay will have to be brought up and how quickly this amendment will impact all counties.

Clerk Chorvat, asked if Item B would be something out of the clerks' control. Clerk Peacock replied that after looking at uniform ways to handle that item, most employees are on the county plan which removes control of costs. Clerk Peacock stated that he has asked FCCC to look at leveraging the association costs and investigate giving everyone the state costs. If that was done, everyone would have to adjust this cost. Clerk Peacock stated that Okaloosa employees would need a big enough group to create a cost savings in order to participate.

Clerk Childers stated that this item includes a lot of factors that never got off the ground, but Clerk Peacock explained it well. Clerk Kinzel stated that she helped create the Sheriff's fund and would like to serve on any sub-committee that works on this item.

Clerk Peacock asked if there were any questions or comments from clerks or anyone on the call. There were none. Clerk Peacock stated that he will talk to CCOC team about the survey and will request Clerk Butterfield's survey template. Clerk Butterfield stated that she would be happy to send it his way after the Thanksgiving holiday. Clerk Peacock stated that he is in no rush but would like to get this moving in the next couple of months.

Clerk Burke asked where the compression is stopped. Clerk Butterfield stated that they plan to keep it simple for estimates percentages to bring it up each year. Clerk Burke explained that Pinellas wanted to go to a living wage, but the compression issue was more than the starting salary increase. He stated that because of the budget crisis, the county is the employer of the last resort for new employees and those who make under \$15/hour were all in the clerk's office.

Clerk Peacock stated that the committee will learn more as the state implements this amendment. Clerk Peacock stated that the state will hopefully take compression into

consideration. Clerk Moore Russell stated that it would be good if clerks had their counties have a plan for implementing this pay shift. She stated that Orange did have a plan two years ago but had to pause due to the budget crisis. Clerk Peacock stated that Okaloosa was in the same situation but are already starting salaries at \$15/hour.

Clerk Kinsaul suggested that the use of technology is implemented to reduce employee numbers, so that the clerks can afford the pay increase in their budgets. Clerk Peacock explained that was his philosophy was to also use technology to reduce full time employees and reinvest into current employees. Clerk Kinsaul stated that small counties will likely struggle to add technology and will have more employees paid below \$15/hour. Clerk Moore Russell explained that those technology costs will call for full time employees to manage the technology, ultimately costing more than entry-level full-time employees. Clerk Childers agreed explaining there are also maintenance costs of new technology.

Clerk Forman stated her hopes to move to Phase 2 in the next couple of years, as her county has already begun this transition. Clerk Butterfield stated as a follow up that all clerks should always search for efficiencies and reminded clerks that COVID has reminded all that technology can save the job in certain scenarios. E-filing, tech staff, knowledge all cost more money. Although budgets are already close to bare bones, it is essentially a balancing act, Clerk Butterfield concludes.

Clerk Peacock reminded all to refrain from using the chat so that all committee members can see. Clerks or staff can use the chat feature. He stated tat he will schedule further discussion of this issue.

6. Agenda Item 6 – REC Update

Clerk Peacock asked Jason Welty to provide information. Jason Welty thanked everyone on the call. Mr. Welty explained that the REC met on November 18th with 4 analysts providing revenue estimated for the REC to choose from for the final forecast. On page 14 of the packet is the numbers are presented to the REC. All REC projections are done on the State Fiscal Year then converted to the County Fiscal Year after consensus from the principals is achieved. The REC estimates \$421.9 M for fines, fees, service charges, etc. for CFY 2020-21. The final adopted version has not been published, as only one principal has agreed so far. There is usually not much change after meeting to the final amount.

Clerk Peacock stated that additional dollars from voter registration are already factored into the forecast. Mr. Welty explained that \$8 M for the voter restoration issue have baked that number into the CCOC projection, as well as the EOG and EDR projection. Principals know about this number, but that is why the number has only increased in the first year.

Clerk Peacock explained the options that are currently available. The Budget Committee built the CFY 2020-21 budget based on the REC estimates from July 2020. The estimate has now increased by \$11.9 M. The first, is to do nothing, maintain the \$410 M number; however, the Budget Committee has already taken action on that issue, so it is off the table. The second, would be to recognize the \$11.9 M and provide an amendment to the Budget; however, Clerk Peacock stated that there would carry consequences. The REC calculated the transfer to GR from the Clerks and use of the increase in revenue projection would lessen the amount to GR. Clerk Peacock stated that the third, final option it to use the unspent revenue from CFY 2019-20, estimated at \$2.4 M, which wasn't built into the budget this year. Clerk Peacock suggested a request of a 50/50 split for cumulative excess of \$5.95 M to be used now instead of with next year's budget. This would total a \$8.35 M budget increase.

Clerk Timmann asked if the recommended action was consistent with the law and Clerk Peacock stated that it was as best as he could determine. Clerk Smith stated that the chart on page 22 limited to \$412 M next year. Clerk Smith stated that clerks are already at \$410 M this year and that \$4.95 M would be non-recurring. Clerk Smith stated a need for staff but recognizes is afraid that if the money is used next year it creates a deficit for next year.

Clerk Peacock stated the importance of the context provided by Clerk Smith. Clerk Peacock stated that anything over the unspent amount will be a one-time deal. Clerk Smith requested Clerk Bexley, Budget Committee member and FCCC Legislative Committee chair, to weigh in on this topic.

Clerk Bexley stated that 20% of court operations have been lost due to the impact of the COVID-19 global pandemic in his office, 6 FTE. He stated that he struggles to support this matter, as with no input from key players the committee may be setting clerks up for failure in the long run. Clerk Bexley recalled that from the 2019 session the Legislature agreed to allow clerks to carry forward unspent revenue from the prior fiscal year. Prior, excess revenue was 100% automatic swept to the general revenue fund which caused clerks to deal with cumulative excess. Now, cumulative excess revenue is split 50/50. These changes were on a trial basis and is scheduled to sunset in 4 years – we are currently in year 3. Clerk Bexley stated that it is hard work to recover a once in a generation pandemic. The actions taken now would conflict with the legislative bill the FCCC Legislative Committee is looking to finalize this year. Clerk Bexley stated the move is good intentions, and that he believes it will hurt the Clerk's legislative agenda in the long-term. Clerk Peacock asked to clarify which parts he was opposed to and Clerk Bexley stated that the cumulative excess was not ours until the end of the fiscal year and didn't feel we could use it now.

Clerk Timmann emphasized the importance of consistency with the law and asked when this would be implemented. Clerk Timmann suggested gathering input from the legislature and Governor's office regarding this topic before implementing this fully. Clerk Peacock stated that the money used would be the clerk's in the future, but due

to the emergency budget situation, the money would be used now. In saying this, Clerk Peacock clarified that these dollars are the clerks' dollars at the end of the day.

Clerk Peacock state that he felt we could use these dollars because they are ours, the intent would remain, just the timing would be moved up.

Clerk Green asked if we could talk to the principals about whether this money could be leveraged today so that the clerks recognize it is out of the norm, not do it unilaterally making the decision on our own but part of the discussions. Clerk Green stated that she will not be in support if those topics are not discussed. Clerk Green asked if the \$5.9 M would be used now with discussion from the legislative leadership. Clerk Peacock stated that his intention was for the committee to act then communicate, but if the committee needs conversation first, he is okay.

Clerk Moore Russell stated that she supports taking the half that is the clerks' if clerks must live by the REC, but clerks are in dire need and need to use the extra revenue so she would support taking action then discussing. Clerk Burke stated support for Clerk Moore Russell's comments. Clerk Burke stated that the concept that fees to support the court is a fundraiser for the state. Clerk Burke said he would like to collect all the fees but is okay with the split. Clerk Burke then suggested that they should not ask for permission because they contact clerks when needing financial help. Clerk Timmann asked how the Speaker would likely feel. Clerk Timmann suggested that Clerk Green talk to the Speaker.

Clerk Burke stated that it will be communicated it but does not want to wait until clerks hear from the Speaker, as they typically say nothing. Clerk Green stated that the committee is always trying to do the right thing and asked when it is necessary to take a risk.

Clerk Green explained that the committee should not start off legislative communications with controversy or miscommunication, and they should support with frontal communication before actions are taken. Clerk Smith stated that he agrees with Clerk Burke and sees Clerk Green's point but is still uncomfortable with the non-recurring amount. Clerk Burke stated that the REC is never right and that they will project on a different world next year.

Clerk Peacock stated that accounting if the revenue doesn't come in, despite projections, then the committee will have to take the reduction. He stated the \$5.9 M will be used this year but will not be present for next year. Clerk Kinzel stated that clerks are losing employees and will have to shut down operations due to reductions. Clerk Kinzel suggested that the committee come from a place of power in numbers and the committee should be more aggressive in delegation meetings.

Clerk Maloy suggested that the committee consider why the Legislature is not nice to clerks. Clerk Maloy stated that he does not think the Legislature would have any

issue with clerks trying to help themselves. If clerks don't help themselves no one else will.

Clerk Peacock clarified that \$5.9 M is what is anticipated to be our half of cumulative excess that would be for next year (CFY 2021-22) but to use it again this year because of the emergency funding situation. He suggested that the committee act but uphold open communication with stakeholders. Clerk Peacock stated that if the money does not come in, clerks must take the reduction.

A motion was made to adopt the \$5.9 M cumulative excess to amend current budgets and communicate to stakeholders why the action was taken by Clerk Burke and seconded by Clerk Moore Russell. Clerk Peacock asked for debate.

Clerk Butterfield asked for the motion to be restated. Clerk Timmann explained that she saw a fuzzy area and asked when this is communicated to the principals and they decline, what the committee will do next. Clerk Peacock explained that that will force them to explain why they lack support of this matter.

Clerk Bexley stated that he would like to carry the excess forward and has concern in using it now and violating current statute. He stated his fear is this action is undermining part or all of the legislative agenda and will not support this motion. Clerk Butterfield suggested considering our legislation but using it in another year may not be best. Clerk Green stated that regardless of acceptance from the principals, the money would be used in this year. Clerk Kinsaul replied stating that only Clerks are the only agency taking mid-year cuts and the dollars should be used this year.

Clerk Burke requested a roll call vote:

Clerk Smith – Yes
Clerk Bexley – No
Clerk Bock – Not on the call
Clerk Burke – Yes
Clerk Butterfield – No
Clerk Childers – No
Clerk Cooney – Yes
Clerk Crawford – Not on the call
Clerk Forman – Yes
Clerk Goodwin – Yes
Clerk Green – No
Clerk Hand – Yes
Clerk Kinsaul – Yes
Clerk Rhoades – No
Clerk Moore Russell – Yes
Clerk Spencer – Not on the call for vote
Clerk Timmann – No

Clerk Vick – No

Clerk Peacock – Yes

9-7 in favor. The motion was adopted and will be move to the Executive Council.

Clerk Peacock stated that the mechanics of how this will be done will be discussed further because it will still need to go before the Executive Council before action. By mid-December, CCOC will have calculated the cash carry the forward amount, estimated at \$8.35 M. Fiscally constrained counties were held harmless during the cut, so the recommendation is to distribute the dollars those counties who took the reduction. First option is across the board and the second would be by weighted cases.

Clerk Burke suggested waiting until Executive Council approves the motion before working this out. Clerk Peacock will have to bring the item to the Executive Council twice. Clerk Green asked when the Executive Council is meeting next. Clerk Peacock stated that it would be in early January. Clerk Peacock suggested meeting in 2 weeks to discuss this item only.

Clerk Green asked when communication with principals would take place and with whom. Clerk Peacock stated that communication would take place immediately and the council would want to know if there is a dramatic reaction. He suggested that Clerk Timmann and Clerk Bexley communicate on this item.

Clerk Burke stated that the line of credit is based on future income. He stated that if the money does not come in, then the clerks will have to take the cut. Clerk Moore Russell suggested that Clerk Green, Clerk Bexley, Clerk Peacock, and Clerk Timmann work on communication. Clerk Peacock stated that he would work on scheduling an emergency meeting for the third week in December and will send out a Doodle poll to do so.

7. Agenda Item 7 – Other Business

Clerk Peacock asked if there was any other business from committee members, clerks on the call, or others on the call. There was none.

Clerk Peacock stated that communication is key too being the best stewards of what the clerks have.

The meeting was adjourned at 4:02 PM.
