



BUDGET COMMITTEE MEETING

January 20, 2022

JD Peacock, II
OKALOOSA COUNTY
EXECUTIVE COUNCIL CHAIR

Jeffrey R. Smith, CPA, CGMA
INDIAN RIVER COUNTY
VICE-CHAIR

Tiffany Moore Russell, Esq.
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13TH JUDICIAL CIRCUIT JUDGE
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NIKKI ALVAREZ-SOWLES, ESQ.
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KEN BURKE, CPA
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2560-102 BARRINGTON CIRCLE | TALLAHASSEE, FLORIDA 32308 | PHONE 850.386.2223 | FAX 850.386.2224 | WWW.FLCCOC.ORG

BUDGET COMMITTEE MEETING

January 20, 2022

Meeting: 10:00 AM – 12:00 PM, Eastern

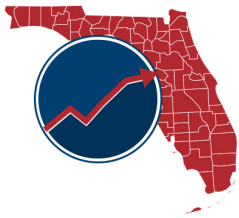
WebEx Link: <https://flclerks.webex.com/flclerks/j.php?MTID=m67e8b56f39416ae5ec87a3adfd216513>

Meeting Code: 2301 623 8601; Password: CCOC

Conference Call: 1-866-469-3239; Access Code: 2301 623 8601

- 1) Call to Order and IntroductionHon. Tiffany Moore Russell
- 2) Approve AgendaHon. Tiffany Moore Russell
- 3) Approve Minutes from 11/30/21Griffin Kolchakian
- 4) December Revenue Estimating Conference Results UpdateGriffin Kolchakian
- 5) Revenue and Expenditures UpdateGriffin Kolchakian
- 6) Establish 2022 Budget Committee WorkgroupsHon. Tiffany Moore Russell
- 7) Other BusinessHon. Tiffany Moore Russell
 - a) Public Comment
 - b) Next Meeting in Orlando on Wednesday, February 9th

Committee Members: Tiffany Moore Russell, Esq., Chair; Jeffrey Smith, CPA, Vice-Chair; Joseph Abruzzo; Nikki Alvarez-Sowles, Esq.; Tom Bexley; Ken Burke, CPA; Stacy Butterfield, CPA; Pam Childers, CPA; Gary Cooney, Esq.; John Crawford; Nadia K. Daughtrey; Brenda Forman; Greg Godwin; Tara S. Green; Carla Hand, CPA, CGFO; Bill Kinsaul; Grant Maloy; Brandon J. Patty; Clayton O. Rooks, III; Donald C. Spencer; Cindy Stuart; Carolyn Timmann; and Angela Vick



CCOC

FLORIDA CLERKS OF COURT OPERATIONS CORPORATION

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Minutes of November 30, 2021, Budget Committee Meeting

Committee Action: Review and approve the minutes with amendments, as necessary.

The Budget Committee of the Clerk of Courts Operation Corporation (CCOC) held a meeting via WebEx on November 30, 2021. 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 action items based on committee direction are in **red** and **bold** text.

Agenda Item 1 – Call to Order and Introduction

Clerk Tiffany Moore Russell, Chair of the Budget Committee, called the meeting to order at 1:01 PM. The meeting was turned over to Griffin Kolchakian, CCOC Budget and Communications Director, to conduct roll call. Mr. Kolchakian introduced the new CCOC Budget Manager Rafael Ali Lozano who called the roll.

Present via WebEx: Clerk Tiffany Moore Russell, Clerk Jeffrey Smith, Clerk Joseph Abruzzo, Clerk Nikki Alvarez-Sowles, Clerk Ken Burke, Clerk Stacy Butterfield, Clerk Pam Childers, Clerk Gary Cooney, Clerk Nadia K. Daughtrey, Clerk Brenda Forman, Clerk Greg Godwin, Clerk Tara S. Green, Clerk Carla Hand, Clerk Bill Kinsaul, Clerk Grant Maloy, Clerk Clayton Rooks, III, Clerk Donald Spencer, Clerk Cindy Stuart, Clerk Angela Vick.

Absent from meeting: Clerk Tom Bexley, Clerk John Crawford, Clerk Brandon Patty, Clerk Carolyn Timmann.

Agenda Item 2 – Approve Agenda

A motion was made to approve the agenda by Clerk Maloy and seconded by Clerk Alvarez-Sowles; the motion was adopted without objection.

Agenda Item 3 – Approve Minutes from 8/5/21 Meeting

Mr. Kolchakian presented the minutes of the August 5, 2021, meeting to committee members.

A motion was made to adopt the minutes by Clerk Maloy and seconded by Clerk Forman; the motion was adopted without objection.

Agenda Item 4 – Legislative Review

Jason L. Welty, CCOC Deputy Executive Director, presented the legislative update on behalf of the Legislative Committee. Mr. Welty stated that this week is the sixth and final legislative committee week before session which begins Tuesday, January 11. Senate Bill 552, the clerks' priority legislation this year, was unanimously approved in the Senate Judiciary Committee on November 30 which was the bill's first committee stop. There are several items in this bill that are budget-related, including allowing the clerks to keep more revenue from things such as foreclosures. As it relates to two budget requests, we just received word from Senator Perry's office that he has agreed to sponsor year two of the Clerks' Pandemic Recovery Plan which is a \$6.25 million nonrecurring General Revenue request. We are continuing discussions with staff on other clerk issues, including rollover jury funding that isn't fully used in the current fiscal year as well as reimbursement for injunctions for protection. These two items are still moving along; we will know more once we get into the budget weeks of session. Chair Russell thanked Mr. Welty.

Clerk Alvarez-Sowles asked Mr. Welty to shed some light on the clerks' legislation as it relates to a new judges formula that identifies a clerk's cost per new judge. Mr. Welty explained that a formula is not created, but, for the past two years, the Budget Committee allocated a new FTE to mirror that judge. If that judge was split between counties like what happened this year, a half FTE was provided to Okaloosa and a half FTE to Escambia because the judge was going to split time between the two counties. Mr. Welty recommends that, once a new judge is allocated, the committee should look at factors that relate to establishing a formula to be applied to budget allocations. Chair Russell asked Mr. Kolchakian to note this as a new issue to be discussed later.

John Dew, CCOC Executive Director, asked Mr. Welty to give an overview of the Legislature's statewide budget outlook and if sufficient dollars are projected to be available to accommodate the clerks' budget requests. Mr. Welty reported that the revenue estimates have come in above the original estimate from July so far.

Clerk Cooney noted that, regarding the reimbursement for injunctions section in the meeting packet, it identifies \$3.2 million for approximately 80,000 injunctions which would be \$40 per injunction. Clerk Cooney asked if the clerks had to split that \$40 with the Sheriffs so that actually the Clerks would only get \$20. Mr. Welty confirmed that the \$40 split is still in statute and allows the Sheriff to request the \$20. The clerks are obligated to provide \$20 per injunction to the Sheriff if the Sheriff requests that funding. Chair Russell suggested that Mr. Welty place a parenthesis by that language as a reminder that clerks must share that amount with the local Sheriff, if requested.

Agenda Item 5 – CFY 2020-21 Settle-Up Update

Mr. Kolchakian presented the settle-up spreadsheet and asked each county to review their data carefully and let CCOC know if the numbers are correct or if any discrepancies are found. He requested responses by next Monday, December 6, if possible. The statutory deadlines to remit the funds to the Trust Fund is January 25, 2022. Once the numbers are finalized, the CCOC will submit this data to DOR to draft the necessary budget amendment for those counties who are owed money.

Clerk Vick raised a question regarding the designation of these carry forward funds as it relates to the newly created reserve fund. Mr. Kolchakian stated that, once the numbers have been finalized, the unspent budgeted funds will be calculated. The cumulative excess amount is the revenue collected over the Revenue Estimating Conference (REC) estimate that we would have available in the Trust Fund. Last fiscal year, at the time the budget was built, we were projecting to bring in \$22 million more than the \$410 million REC estimate from July. The clerks keep 50% of that amount, and that is what CCOC used to build this current year budget. Clerk Vick requested further clarification of the \$10 million in the Unspent Budgeted Funds column. Mr. Kolchakian explained the calculation methodology on the referenced spreadsheet. Vice-Chair Smith added clarification by stating that the Budget Committee voted to just go with the statutory minimum of 10% into the reserve fund. It was left up to the committee each year to decide if they want to go above that amount or not.

Clerk Maloy asked if the Reserve Fund estimate was included on the spreadsheet. Mr. Kolchakian clarified that nothing on the settle-up spreadsheet would be going to the Reserve Fund. The unspent budgeted funds included on the spreadsheet will be calculated at the end of the settle-up process. That amount is what will be available to roll over in the unspent budgeted funds to use in the budget development process. The committee can decide to put part of that sum or all of it into reserve, but that is unrelated to the statutorily required 10% of cumulative excess that goes into the Reserve Fund. Chair Russell stated that the committee can decide to do more than the 10%, and this can be discussed at a later meeting.

No motion was required.

Agenda Item 6 – Revenue and Expenditures Update

Mr. Kolchakian stated that it would be beneficial to the committee to provide a monthly update on both revenue and expenditures at each Budget Committee meeting moving forward. This will keep the committee updated as we proceed through the county fiscal year as compared to the estimates that the budget was built on. Mr. Kolchakian explained the spreadsheet included in the meeting packet titled Revenue and Expenditures Update. He went over the year-to-date summary of both revenues and expenditures. So far this fiscal year, the clerks have collected a little more than the REC projection and expenditures to date are below the 12-month average of \$37.1 million. He stated that, as we proceed through the fiscal year, both of these items will

be tracked which will provide a good indicator of where we are. He also mentioned the Revenue Outlook spreadsheet prepared by Mike Murphy which is page 15 of the packet. This is a yearly breakdown of funding components used to build the available budget amounts last year, this year, and the upcoming three fiscal years.

Mr. Kolchakian stated that the upcoming REC meeting will update the current revenue estimates that will project the available budget authority to build the CFY 2022-23 budget. As of now, that amount is over \$436 million. The CCOC does not anticipate that this amount will change substantially. If this \$436 million amount is added to the projected unspent budgeted funds (discussed during the settle-up discussion) that could be \$5 to \$7 million as well as added to the cumulative excess of actual revenue collected this fiscal year, all three of these amounts will bring us very close to the current year budget of approximately \$445 million. In the current fiscal year, we had \$35 million that we were able to allocate statewide during the budget development process. As of now, that does not look like that will be the case going forward.

Mr. Dew stated that, when CCOC provides the information to the committee concerning actual expenditures, it is important to point out that the EC Report utilizes accrual vs. actual methods which can cause fluctuations in snapshot reports. He wanted to clarify this point in case it appears that the clerks are under spending. Clerk Alvarez-Sowles stated that she loved the monthly year-to-date revenue vs. expenditures breakdown and that it will be very helpful. She asked Mr. Kolchakian if the clerks are projected to have less revenue for CFY 2024-25 than we have today and if there is a rationale that can be shared with the committee. Mr. Kolchakian explained that, when the REC establishes their projections, especially coming out of a pandemic, they are a little cautious on the out-year projections. Mr. Kolchakian will send out the REC results prior to the next committee meeting. Mr. Welty added that the REC projections contemplate the projected number of foreclosure cases. There is a federal foreclosure moratorium that expires December 30, 2021, and there are foreclosures in the pipeline that are ready to be filed once the moratorium expires. That is the reason basically half of this fiscal year is getting a bump which takes us to the \$432.8 million and then, in CFY 2022-23, they think that there is going to be an entire year of additional foreclosures. We then begin to back down in CFY 2023-24 and CFY 2024-25 when they return to normal. It is also difficult to accurately project five years out. Chair Russell asked Mr. Welty if this would be similar as in previous years when we had high foreclosure filings. Mr. Welty commented that the REC really tempered some of the foreclosure and eviction cases. He mentioned the impact of the state of the economy and provided an example of people who just lost their jobs and can no longer afford their houses; the property values have gone up, so people aren't under water like they were in 2008. Mr. Welty stated that the REC does not expect to return to 400,000 foreclosures in a year like 2008-2009; they are looking more like 60,000-70,000 foreclosures. He projects clerks' revenue to bump up if there is a spike in foreclosures after the moratorium expires, but it won't be like it was in 2008-2009.

Chair Russell stated that she will get with Mr. Dew and Clerk Peacock to send out a joint correspondence to all clerks providing them the revenue projection since they may not attend this committee meeting.

Agenda Item 7 - 2022 Budget Committee Workplan and Calendar

Chair Russell stated that this agenda item was intended for the committee to determine what we want to accomplish this year and set our goals. She referenced Mr. Kolchakian's comments that we are not going to be able to allocate the \$35 million of additional funding like we did last year. It appears, based upon estimates, that we are will likely break even at best. The committee will need to decide how to best approach developing the budget within this context. Chair Russell stated that all clerks were sent a request for potential ideas right before Thanksgiving. Some members may not have had time to submit ideas since it was right before a holiday, but some comments were captured from the conference that was recently held. The committee can briefly review these items and decide how to proceed. She stated that a workgroup could potentially be created to address some of these issues which could lay the groundwork for future budget considerations. Chair Russell presented topics that have been discussed to some degree, including in previous committees. She listed the topics to the committee:

- Floor budget amounts for small counties
- Depository county adjustments
- Factoring in courthouse locations in allocations
- Allocations for increased health insurance costs
- CPI or some other cost of living component
- Compliance
- Budget compression
- New judges allocation formula

Chair Russell opened floor for any other topics committee members would like to discuss. Clerk Burke commented on the workload measures stating that we still need to look at anomalies in case counts. He referenced a scenario in which one clerk's office whose domestic violence intake is handled by court administration is different than a clerk's office that does not. One clerk's office is measured against the other even though one has higher costs and the other has lower costs.

Clerk Alvarez-Sowles mentioned the Needs-Based Budget that comes up every year when we are preparing a budget. She also mentioned looking at all court expenditures regardless of the revenue source that paid for that court expense, including revenue sources that are outside of court-related revenues to pay for court-related costs.

Clerk Butterfield confirmed that the new judges issue is on the list of topics for discussion. Clerk Alvarez-Sowles referenced language from Senate Bill 552: "recommending to the Legislature the total cost associated with clerk support of circuit and county judges statewide, based on a formula approved by the corporation." She stated that it's not a formula that we give to the Legislature; instead, it's a formula that we approve at the Corporation and is done through this committee. Clerk Butterfield

thanked Clerk Alvarez-Sowles for clarifying this point. Clerk Butterfield commented on the comparison issue that Clerk Burke raised and stated that there are a lot of factors that go into the comparisons. She said that, in the past, the committee has attempted to implement a rigid factor calculation for staff based on the number of judges. She said that this approach requires the committee to start peeling back the onion with all the different factors that go into that. Clerk Butterfield also mentioned the outsourcing of certain transactions and how that could affect the calculation of the true cost to operate. She said that there are a lot of different factors that this committee would need to consider. Clerk Burke stated that there are two issues here, one of which he sent as a suggestion to the Legislative Committee. When they consider adding new judges, there is a formula that courts use to account for the cost of a new judge as well as the associated costs of all the judicial assistants; this comes out to around \$450,000 per new judge that they issue as an appropriation. He referenced the clerks' legislative proposal that requests a corresponding appropriation for the clerks when the Legislature allocates a new judge. He mentioned that, for each new judge, it's going to require two FTE in the clerk's office at an average cost of \$80,000 or \$90,000. Clerk Burke wants this amount for the clerks to be added to the courts' \$450,000.

Clerk Kinsaul stated that he wants the committee to keep the budget development process at a higher level and strive to simplify the process on a statewide level and not worry about local issues like salaries and costs of living. Chair Russell thanked Clerk Kinsaul for his comments and said she agrees. She mentioned that the committee could be laying the framework for future years and potentially settle some of the debate on topics that continue to arise.

Clerk Kinzel mentioned the statutory requirements for developing the budgets and how case weights affect it. She also brought up that some counties have a higher cost of living. Chair Russell tasked Mr. Dew and his staff to prepare a summary of the results of previous CCOC workgroups for the next committee meeting. Chair Russell said that anyone interested in serving on a workgroup should email her and Mr. Kolchakian. We need to consider, once you have more than one clerk on the workgroup, the requirements of sunshine laws.

Chair Russell said we are looking to have a mid-January WebEx meeting to review the results of the REC meeting. We will get the revenue and expenditures update and any updates from the workgroups that are created, if they have anything to share. In February, we would like to have an in-person meeting. We are going to look to see if we can piggyback off an existing FCCC meeting. In March, we have the Winter Conference which will include a CCOC session. We are looking to do a late March WebEx meeting, if needed. In April, we are looking to do an in-person meeting to talk about the budget calculation and methodology and to establish a starting point. In June, due to the Summer Conference, there will be no committee meeting. We are also looking for an in-person meeting in July and another one in August. As of now, there will be no meeting scheduled for September or October. That is the proposed calendar for the upcoming year.

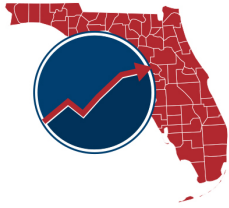
Chair Russell opened the floor for comments. Clerk Vick commented that April would be a great opportunity to have the in-person committee meeting. She also stated the FCCC has scheduled their New Clerk Academy the week of April 25th in Crystal River.

Agenda Item 8 – Other Business

Chair Russell provided an update for other business, including upcoming dates relevant to the committee. She mentioned that a doodle poll will be sent out to committee members to schedule the next committee meeting. Chair Russell opened the floor to any public comment; there was none.

Clerk Maloy raised concerns about the effect that inflation will have on the clerks regarding their budgets. Chair Russell stated that Clerk Timmann chairs the CCOC Legislative Committee and requested Clerk Maloy email Clerk Timmann his thoughts on this topic. Chair Russell stated that she will see everyone virtually at the CCOC Executive Council Meeting.

Meeting adjourned at 2:10 PM.



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AGENDA ITEM 4

DATE: January 20, 2022
SUBJECT: December Revenue Estimating Conference Results
COMMITTEE ACTION: Informational Only

OVERVIEW:

The Article V Revenue Estimating Conference (REC or Conference) met on December 14, 2021, in Tallahassee. The Conference consists of representatives from the Florida Senate, the House of Representatives, the Executive Office of the Governor (EOG), and the Office of Economic and Demographic Research (EDR). In addition, state entities affected by the Conference participate in the discussion and present projections, such as the Office of the State Courts Administrator (OSCA) and the Clerks of Court Operations Corporation (CCOC). However, these entities do not have a vote on final numbers. Jason L. Welty from CCOC represented the clerks at the Conference.

RESULTS:

The Conference estimated \$434.8 million of collected revenue available for the clerks' CFY 2021-22 budget, a \$1.9 million increase over the previous estimate. The Conference estimate for CFY 2022-23 was \$438.1 million, a \$2.0 million increase over the previous estimate. The Conference estimate for CFY 2023-24 was \$436.7 million, a \$6.3 million increase over the previous estimate.

Revenue collections for Article V Fees and Transfers during the five-month period following the REC held on July 21, 2021, were mixed relative to the estimates adopted for CFY 2021-22. The main drivers of the revised estimates reflect actual year-to-date revenue performance, the court's most recent reopening plan, and other factors related to the pandemic. The most significant change to the overall forecast related to foreclosure filings. The filings in CFY 2019-20 and CFY 2020-21 were suppressed by both the temporary court office closings and the moratoriums on foreclosures issued at both the state and federal level — a trend that is expected to continue for the first half of CFY 2021-22. The Conference also acknowledged the near-term decline in the actual number of homes in serious delinquency or foreclosure status. Nevertheless, a significant portion of the delayed activity is still anticipated to return during the latter part of CFY 2021-22 and CFY 2022-23.

This revenue estimate does not directly affect the CCOC budget amounts since the CFY 2021-22 budget was built on the July REC estimate. However, this estimate provides an updated

DECEMBER REVENUE ESTIMATING CONFERENCE RESULTS

look at where our revenues are trending. The CFY 2022-23 CCOC budget will be built on the estimates from the REC Conference this summer.

ATTACHMENTS:

1. REC Article V Results for the Clerks

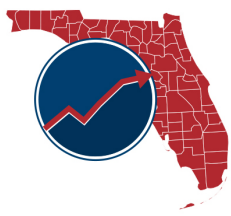
Article V REC

12/14/2021

**Local Government Fines/Fees/Charges Schedule for Clerks
(Millions)**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
SFY21/22	38.2	38.2	35.7	36.3	35.7	33.4	31.7	37.7	37.7	38.4	36.3	35.6	435.0
SFY22/23	37.0	35.4	39.5	35.4	35.1	34.1	32.4	38.4	38.5	39.2	37.0	36.3	438.5
SFY23/24	36.9	35.3	39.3	35.3	35.0	34.0	32.3	38.3	38.4	39.1	36.9	36.2	437.0
SFY24/25	36.8	35.2	39.2	35.2	34.9	33.9	32.2	38.2	38.3	39.0	36.8	36.1	435.6
SFY25/26	36.7	35.1	39.1	35.1	34.8	33.8	32.1	38.1	38.1	38.8	36.6	36.0	434.1
SFY26/27	36.6	35.1	39.0	35.0	34.7	33.8	32.0	38.0	38.1	38.8	36.6	35.9	433.8

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTAL
LFY 21/22	36.3	35.7	33.4	31.7	37.7	37.7	38.4	36.3	35.6	37.0	35.4	39.5	434.8
LFY 22/23	35.4	35.1	34.1	32.4	38.4	38.5	39.2	37.0	36.3	36.9	35.3	39.3	438.1
LFY 23/24	35.3	35.0	34.0	32.3	38.3	38.4	39.1	36.9	36.2	36.8	35.2	39.2	436.7
LFY 24/25	35.2	34.9	33.9	32.2	38.2	38.3	39.0	36.8	36.1	36.7	35.1	39.1	435.3
LFY 25/26	35.1	34.8	33.8	32.1	38.1	38.1	38.8	36.6	36.0	36.6	35.1	39.0	434.0
LFY 26/27	35.0	34.7	33.8	32.0	38.0	38.1	38.8	36.6	35.9	36.6	35.1	39.0	433.8



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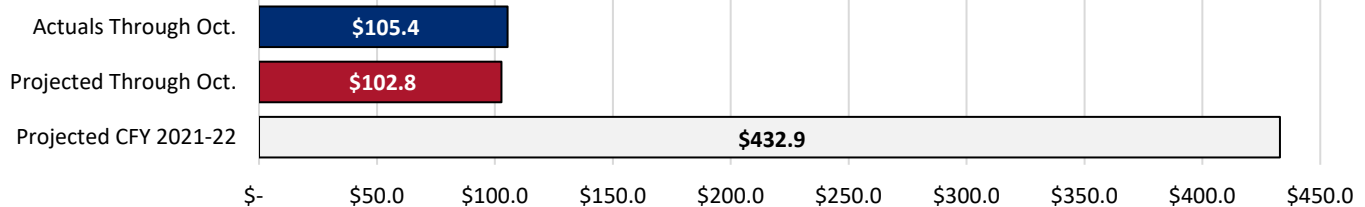
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REVENUE UPDATE – Through November 2021

The July Article V Revenue Estimating Conference (REC) projected the clerks to collect a total statewide revenue of **\$432.9 million** for CFY 2021-22.

CFY 2021-22 Projected Revenues vs. Actual Revenues



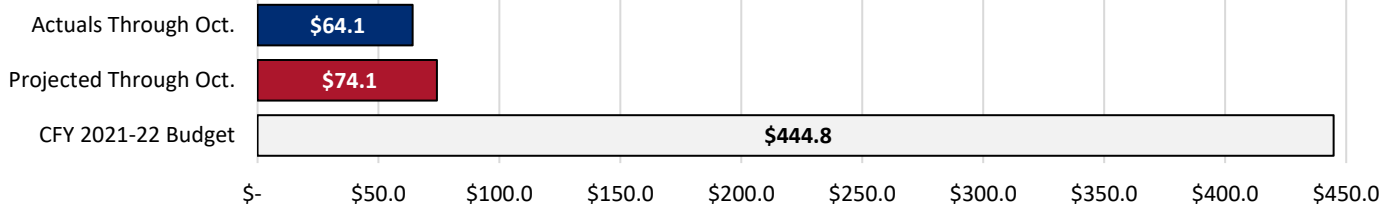
Total revenues reported for November 2021 were **\$33,288,944**

- This amount is about **\$0.2 million, or 0.6 percent, below** the July REC projection for November
- Through the first three months of the CFY, the REC expected clerks to collect approximately **\$102.8 million**; the actual revenue is **\$105.4 million** which is **\$2.6 million, or 2.5 percent, above** YTD expectations
 - September and October actuals came in above the REC monthly estimate

EXPENDITURES UPDATE – Through November 2021

The Budget Committee and Executive Council approved the **\$444.8 million** budget for CFY 2021-22.

CFY 2021-22 Projected Expenditures vs. Actual Expenditures



Total expenditures reported for November 2021 were **\$33,442,938**

- This amount is about **\$3.7 million, or 10.0 percent, below** the monthly average projection
- The actual YTD expenditures are **\$10.0 million, or 13.5 percent, below** the two-month projected average of YTD expenditures

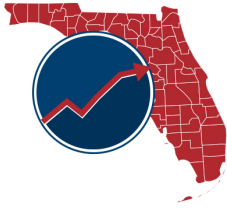
FY21 to FY25 Analysis - CCOC Budget (**Excludes Jury**)

	FY21	FY22	FY23	FY24	FY25
Budget Authority	410.00	444.78	450.04	438.70	437.30
Dollar Change Year over Year		34.78	5.27	(11.34)	(1.40)
Percentage Change Year over Year		8.5%	1.2%	-2.5%	-0.3%

December 2021 REC Estimate	REC \$M	Statutory Increase (Decrease)			
REC FY21 Original Estimate	410.00				
REC FY21 Revised (90% of 50%)	432.10	9.945			
REC FY21 Final True-Up (90% of 50%)	434.37		1.02		
REC FY22 for Approved Budget	432.86	22.86			
REC FY22 Based on Latest Meeting	434.80		0.87		
REC FY23	438.10		5.24		
REC FY24	436.70			(1.40)	
REC FY25	435.30				(1.40)
FY22 Budget Comm Fisc Constr Backout		(0.077)			
Unspent from FY20,21, 22,23 (Hist. Est.)		2.05	10.05	2.00	2.00
Total Increase (Decrease)		34.78	17.19	0.60	0.60

Additional Funding Sources Outside of CCOC Base					
Jury, subject to annual reappropriation	11.70	11.70	11.70	11.70	11.70
Carry forward of prior year Jury		2.40			
Pandemic Relief Funds (July '21-June '22)		6.25			
Total Clerk budget	421.70	465.13	461.74	450.40	449.00

This is currently an estimate pending final EC reports and settle ups from counties



CCOC

FLORIDA CLERKS OF COURT
OPERATIONS CORPORATION

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AGENDA ITEM 6

DATE: January 20, 2022
SUBJECT: 2022 Budget Committee Workgroups Update
COMMITTEE ACTION: Establish and Approve New Workgroups

OVERVIEW:

The Budget Committee proposes to establish three new workgroups to address identified issues that have come up year after year and determine if these issues can be settled.

The newly established workgroups include:

- **Cost of Living Component Workgroup** – review and determine if a CPI/FLPI or some other cost of living component should be incorporated into the budget development process. If so, determine what measures would be used, how this would be applied, if this has already been “baked” into clerk budgets over the years, etc.
 - Chaired by Clerk Godwin
 - Staff include Mike Murphy (Orange), Heather Grimes (Pasco), Rita Rodriguez (Palm Beach), Kelly Hine (Citrus), Doug Bakke (Hillsborough), Sharee Haynes-Dyer (Broward)
- **Compliance Workgroup** – review and determine if a compliance component should be incorporated into the budget development process. Determine how this would be quantified, identify and review factors to be considered for this component, determine how this would be verified, etc.
 - Chaired by Clerk Maloy
 - Staff include Melissa Geist (Orange), Daniel Klein (Pasco), Kathy Davis (Citrus), Rick VanArsdall (Hillsborough)
- **New Judges Funding Workgroup** – calculate and establish a recurring allocation formula for new judges approved by the Legislature.
 - Chaired by Clerk Abruzzo
 - Staff include Mike Murphy (Orange), Kimberly Thompson (Pasco), Doug Bakke (Hillsborough)

Other potential issues raised outside of a new workgroup include:

- Incorporate a “floor” budget amount for small counties – this could help avoid small counties getting hurt by changes in calculations.
 - In past budget years, it was decided that all offices should share the cut proportionally.

Our Mission: As a governmental organization created by the Legislature, we evaluate Clerks’ court-related budgetary needs, and recommend the fair and equitable allocation of resources needed to sustain court operations.

AGENDA ITEM 6 - 2022 BUDGET COMMITTEE WORKGROUPS UPDATE

- Due to lack of stability in clerk budgets from year to year, application of a “floor” would likely be inconsistent.
 - This could potentially require a separate calculation using FTEs and average wages/FICA/FRS/health insurance costs compared to Peer Groups (PG); this could potentially be inconsistent and “unfair.”
 - Statutorily, it is lawful for the committee to treat offices differently when allocating the budget per s. 28.36, F.S., which requires the CCOC to establish a balanced budget.
 - A determination of which counties this “floor” would apply to would have to be established (only PG 1? Only PGs 1 and 2? All fiscally constrained counties? etc.).
 - Incorporate depository county adjustments – potentially allocate a set percentage of total budget dollars to depository counties.
 - The amount or percentage would have to be established and applied (1% of the total budget? 5% of the total budget? some fixed dollar amount? etc.).
 - Potentially contemplate a minimum percentage of contributed funds that triggers getting additional funding based on prior year actuals.
 - This is similar to the “rebasing” model concept used in 2004-2008; if a county brought in more revenue in the prior year, they got to increase their total budget in the current year.
 - If weighted cases are utilized, is this depository county issue relevant since cases increase = workload increase = revenue increase = higher budget authority amount?
 - Incorporate court locations into budget allocations
 - During the 2019 budget development process, the Budget Committee Workgroup, chaired by Clerk Jeff Smith, contemplated if court locations should be factored into budget allocations and sent out a survey to all clerks to collect this data. The workgroup attempted to establish the definition of a “courthouse” and identify locations that are identified as having space that requires court-related duties.
 - Factors to contemplate include:
 - Whether to include service centers or payment centers that are not mandated.
 - How many days a week court is held.
 - The distance length of a county.
 - Whether a jail counts as a location (initial appearances).
 - Whether a Juvenile location counts since statutes/court rules require a separate location.
 - Court locations could potentially already be “baked” into current budget allocations over the past almost 20 years.
 - If court locations were all consolidated into one location, the same number of judges and cases would be present, so determining the real incremental cost is imperative.
 - Incorporate increased health insurance costs
 - Last year, the Budget Committee deliberated health insurance costs at two different committee meetings and approved both a statewide 6% increase for every county as well as an additional increase totaling up to 10% per county if requested.
 - During the 2019 budget development process, the Budget Committee Workgroup, chaired by Clerk Jeff Smith, contemplated health insurance costs and sent out a survey to all clerks to collect this data. The workgroup compared the CFY 2017-18 clerks’
-

AGENDA ITEM 6 - 2022 BUDGET COMMITTEE WORKGROUPS UPDATE

- statewide budgeted health insurance cost to the state's blended rate and found that 50 counties would see an increase in health insurance amounts and 17 counties would experience a decrease. This would have led to a \$9.5 million statewide increase for clerks' health insurance costs. The workgroup also considered and submitted to the committee options for handling health insurance costs, including for the clerks to:
- Create a statewide health plan
 - Join the State's health plan
 - Continue to use self-funded plans
 - Continue to use county plans
 - Utilize a statewide cost-per-FTE allocation
- The structure of plans varies widely across the state; allocating a set amount would not fairly allocate dollars.
 - Most health plans are from the county; this could lead to some clerks getting budget cuts for expensive plans that are out of their control.
 - Offices that have implemented technology instead of FTE would be disadvantaged if using a dollar amount per FTE calculation.
- Capturing all court-related costs from all revenue sources for budget development
 - Clerks are currently required to submit this information to the Department of Financial Services.
 - CCOC budget documents contain instructions to include all costs funded by non-court dollars that are backed out on Tab E of the Operational Budget spreadsheet to arrive at the net CCOC budget amount.
 - Items 1 and 3 of the Clerk Certification Letter require the clerk to attest to this.
 - The issue appears to be that this data is either not accurately reported or we currently do not have an effective method to collect this data.
 - Consider if potential county audits would ensure compliance.
 - The increased maintenance costs for CLERICUS – since CLERICUS is housed under the FCCC, this issue is outside of the CCOC purview. This issue would be best addressed by the Association.
 - However, this could be an opportunity to discuss the various case maintenance systems implemented by clerks and the associated costs of each, potential cost saving efficiencies identified, etc.

COMMITTEE ACTION: Establish and Approve New Workgroups

LEAD STAFF: Griffin Kolchakian, Budget and Communications Director
Rafael Ali-Lozano, Budget Manager

ATTACHMENTS:

1. CCOC Workgroups Historical Summary
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CCOC Workgroups Historical Summary

Reserve Policy Workgroup (2021)

- Chair: Clerk Jeff Smith
- The reserve policy was created due to SB 838 (2021) being enacted which enabled the clerks to establish a contingency fund. The workgroup drafted a reserve fund policy which was approved by the Budget Committee and the Executive Council and is now in place.

Performance Measures and Standards Workgroup (2018-Still Active)

- Chair: CCOC Staff runs workgroup
- This workgroup was created because legislation (ss. 28.35(2)(d), F.S.) required the CCOC to measure the performance of each clerk in accordance with minimum standards for fiscal management, operational efficiency, and effective collection of fines, fees, service charges, and court costs. The CCOC historically reviews the measures every few years to determine if there should be revisions and/or decreased or increased measures. This workgroup is scheduled to reconvene in the next couple of months to review the measures.

Budget Committee Workgroup (2018-2019)

- Chair: Clerk Jeff Smith
- This workgroup was established to set the direction of the Budget Committee in developing the clerks' CFY 2019-20 budget and to fully vet identified budget issues, including health insurance, other benefits (OPEB, FRS, etc.), categorization of satellite locations, and cost comparisons. This workgroup contemplated health insurance costs as well as court locations, including utilizing surveys to collect data to review.

New Cases Workgroup (2016-Still Active)

- Chair: Clerk Ken Burke started the workgroup; Clerk Gary Cooney took over
- This workgroup was created to help validate the effort in preparing a cost comparison of similarly situated clerks. Subsection 28.35(2)(f), F.S., requires this comparison to be based on each county's population and number of filings (cases). Previous work has been done to help ensure that new cases that are being developed by counties are accurately counted and reported as well as to provide guidance to the Budget Committee to develop each clerk's annual budget authority.
- This workgroup, in addition to assuring the cases were reported correctly, took on the challenge of providing a "weight" for each case type as well as sub-case type. This workgroup continues to update the weighted workload measure, as needed.

Jury Management Workgroup (2016-Still Active)

- Chair: Clerk Angela Vick
- The clerks were appropriated \$11.7 million by the Legislature for juror management starting in SFY 2016-17; this funding is now recurring. These new funds needed to be allocated and regulated, so the workgroup created applicable quarterly forms and worked with clerks and their staff to ensure this data was collected and reported accurately. Funding was based on the projected funds needed by each clerk quarterly and the dollars available.
- This workgroup recommended that the juror funding from the State should be on a reimbursement process and not a projected need for funding, which was approved by the Legislature in 2021.

Performance and Accountability Workgroup (2016-Still Active)

- Chair: Clerk Tara Green

- This workgroup was created to connect the identified standardized work that the clerks are required to do, the time spent to do the work, and the amount of budget that is then needed to handle the workload. This would then be communicated to the Legislature. This workgroup developed a document outlining the responsibilities and the amount of workload the clerks complete.

Technology Funding Strategy Workgroup (2015-2017)

- Chair: Clerk JD Peacock
- This workgroup was developed to review the funding and implementation of technology as it relates to performing day-to-day operations. This led to the agreement to allow 10% of fines collected to be used for court-related office technology needs after the 10% fines were incorporated back into the overall fines. The decision to be able to use the 10% fines for technology needs was also agreed to by DFS in their budget reviews of clerks.

North Highland Consulting Group Report (2015)

- The study was conducted to show the Legislature that a short-term reduction in future cases did not constitute a reduction in dollars. The study provided the Legislature knowledge on continuing cases and workload impacts.

Financial Analysis and Enhancement Workgroup (2014-2018)

- Chair: Clerk Don Barbee
- This workgroup was created to address concerns with projections and measuring of cases and to instill trust in the accuracy of the projections. This workgroup was successful in several goals; other workgroups were created from subjects explored by this workgroup. Some of the scope of this workgroup was carried on by the New Cases Workgroup.

Revenue Stabilization Workgroup (2011)

- Co-Chairs: Clerk John Laurent & Clerk Karen Rushing
- This workgroup was created by the Legislature to address cashflow issues with the State Courts Revenue Trust Fund and the Clerks of Court Trust Fund as well as to ensure revenue streams were adequate to support future funding needs of the two entities. This workgroup drafted a recommendation to the Legislature that the courts and the clerks should use the dollars they collect to fund all of their needs prior to sending dollars to General Revenue or other judicial partners. However, this recommendation was not approved by the Legislature.

OPPAGA Study on Clerks (2009-2010)

- This study reviewed the responsibilities of the clerks and the courts to determine if there could be efficiencies obtained in each of their duties as well as a potential reduction in administrative overhead. The study also examined how court-related functions were funded.
- OPPAGA noted that current performance measures did not adequately assess the efficiency of court-related functions, which could be affected by insufficient cooperation between clerks and the courts as well as circuit geography and disproportionate caseloads. The study provided four options for the Legislature to consider to help them better manage costs: to maintain the status quo with elected clerks, elected judges, and court administration but taking steps to improve coordination among them; to amend statutes to designate clerk employees who perform court-related functions as state employees; to transfer some court-related functions currently performed by clerks to court administration; and/or to transfer all court-related duties from clerks to court administration, essentially severing clerks' court-related functions.