



CCOC

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OPERATIONS CORPORATION

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Minutes of November 30, 2021, Budget Committee Meeting

Approved by the Budget Committee at the meeting held on January 20, 2022.

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 judge's 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 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 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.
