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Minutes of February 9, 2022, Budget Committee Meeting

Approved by the Budget Committee at the meeting held on April 21, 2022.

The Budget Committee of the Clerks of Court Operations Corporation (CCOC) held a meeting via WebEx on February 9, 2022. 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 10:00 AM. The meeting was turned over to Griffin Kolchakian, CCOC Budget and Communications Director, to conduct roll call.

Present via WebEx: Clerk Tiffany Moore Russell, Clerk Jeffrey Smith, Clerk Joseph Abruzzo, Clerk Nikki Alvarez-Sowles, Clerk Tom Bexley, Clerk Ken Burke, Clerk Stacy Butterfield, Clerk Pam Childers, Clerk Gary Cooney, Clerk John Crawford, Clerk Nadia K. Daughtrey, Clerk Brenda Forman, Clerk Tara S. Green, Clerk Bill Kinsaul, Clerk Grant Maloy, Clerk Brandon Patty, Clerk Clayton Rooks, III, Clerk Donald Spencer, Clerk Cindy Stuart, Clerk Carolyn Timmann, Clerk Angela Vick.

Absent from meeting: Clerk Greg Godwin, Clerk Carla Hand.

Agenda Item 2 – Approve Agenda

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

Agenda Item 3 – Approve Minutes from 1/20/22 Meeting

Mr. Kolchakian presented the minutes of the January 20, 2022, Budget Committee meeting to committee members. Clerk Alvarez-Sowles stated that she wanted to correct her verbiage in the minutes under agenda item #6. Clerk Alvarez-Sowles wants the minutes to accurately reflect her comments regarding capturing all revenue

sources and to specify that CCOC staff were instructed to follow-up with her. Chair Russell asked Mr. Kolchakian and Mr. Ali to correct the meeting minutes as specified.

A motion was made to approve the minutes with corrections by Clerk Butterfield and seconded by Clerk Maloy; the motion was adopted without objection.

Chair Russell announced that April 21 will be an in-person committee meeting and asked committee members to respond to the email sent out by CCOC staff to confirm whether that time works with their schedules. It is important to determine if a quorum will be present so that we can move forward with securing the venue. Chair Russell thanked Clerk Irby for hosting the upcoming committee meeting. Clerk Spencer asked if attending via WebEx would be counted as present if unable to attend the meeting in person. Chair Russell confirmed.

Agenda Item 4 – Florida Sunshine Law Overview

Chair Russell addressed the Florida Sunshine Law and provided a brief overview reminder to all committee members and guests that the Florida Sunshine Law is recognized and followed by the committee. The law requires all committee meetings and council meetings to be properly noticed and posted, including meetings or discussions that occur outside of committee meetings but between committee members.

Agenda Item 5 – Legislative Update

Chair Russell turned the meeting over to Clerk Timmann to provide the legislative update. Clerk Timmann reported that, in the current Legislative Session, the CCOC continues to advocate for the essential resources necessary for clerks to serve the public and the Judiciary effectively. Clerk Timmann updated the committee on three budget-related issues approved by the CCOC Legislative Committee and the Executive Council, including Pandemic Recovery Plan (PRP) year two, reimbursement for injunctions for protection, and carryforward dollars of unspent jury management funds from the current fiscal year.

The clerks requested \$6.25 million of non-recurring General Revenue for year two of PRP funding. The Senate picked up this request in budget conference, but the House has yet to include any funding.

For injunctions for protection, neither the House nor the Senate picked up this reimbursement request. Clerk Timmann stated that the Legislative Committee will continue to advocate for this issue. Clerk Timmann noted that there is still some confusion regarding the \$40; the Sheriff's Office is entitled to \$20 for each petition of injunction that they serve. The \$20 will come out of the \$40 if the Sheriff's Department chooses to request it. So, even if this issue is funded, the full \$40 will not necessarily be the amount the clerks end up with. Clerk Maloy raised a concern regarding the injunction forms. Previously, these forms were handwritten and hand-signed. Now that

this process is electronic, it is taking more time for staff to assist people, especially if they are not tech savvy. Clerk Green stated that this reimbursement has been at \$40 for a long time and asked if that is the appropriate amount.

Last year, the Legislature provided clerks with the re-appropriation of unspent jury management funds from the prior year totaling \$2.4 million in non-recurring General Revenue to be used during SFY 2021-22. The clerks are requesting the re-appropriation of these funds again to ensure that the clerks can support the courts to keep the wheels of justice turning. The Senate funded this request, but the House has not yet funded this issue.

Clerk Timmann reported on some additional items, including this year's FRS increase. She stated that the increase in the employer contribution should have a fiscal impact to the clerks of less than \$2 million; however, this number is very preliminary. These increases are less than the last few years.

Clerk Timmann stated that the Legislative Committee continues to monitor bills that have a fiscal impact on clerks and that they work with the FCCC Legislative Team to update fiscal analyses as needed. Clerk Maloy asked a question regarding the effects of inflation and if there is any feedback from law makers on what we can do to address this. Clerk Timmann acknowledged that the discussion of increased costs is something that continues, including the increased costs of things like technology and maintenance fees. Clerk Green also acknowledged that technology cost continues to increase. She referenced a cyber security bill that is currently filed that could potentially have a fiscal impact on the clerks. It may not include clerks specifically, but she believes clerks will experience increased security costs to meet requirements in the legislation. Clerk Green also recommended clerks consider a tiered fee approach with an initial filing fee but includes additional fees that can be added to pay for the additional time it resides in the court system.

Agenda Item 6 – Approve Updated Funding Issues Request Forms

Chair Russell recognized Mr. Kolchakian to explain the updated budget request forms. He stated that, during the annual budget process, each clerk submits a detailed funding request to the CCOC for any items they would like over the current operating budget amount. There are three forms used for this purpose, including the Budget Issue Request Spreadsheet, the Revenue Projection Form, and the signed Clerk Certification Letter. All of these forms are included in the meeting packet. The Budget Issue Request Spreadsheet is very similar to the form used last year. There are just a few slight changes made, including streamlining some of the issue categories for clarification. For example, the three preset issues from last year were removed which were FRS increases, health insurance increases, and the costs associated with new judges. If a county would like to request funding for one of these issues, they still can via any tab on the spreadsheet. The Revenue Projection Form is the same form as last year; however, CCOC staff is looking to potentially streamline this form. The certification letter is also the same as last year. Mr. Kolchakian stated that the forms

are due on June 1, 2022. Clerk Green asked a question regarding the certification letter and if there is an audit or verification process for this form. Mr. Kolchakian stated that the letter is certifying that this is the full request and that you have gone through a detailed review of what is needed and that everything is in line with the statutory requirements. Clerk Green asked if there is a process to verify that it is accurate. Mr. Dew stated that DFS does their own review.

Clerk Alvarez-Sowles stated that, during the last meeting, the committee discussed the certification letter and that it certifies compliance with s. 28.35, F.S., which states that you can only use the court revenue for these specific court-related items, but it does not cover the field we have on our budget documents that identifies other revenues used to cover these court expenses. Clerk Alvarez-Sowles wants to ensure that we accurately identify all revenues used to pay for court-related expenditures. Clerk Peacock stated that he has been trying to identify these expenditures and what sources counties are using to subsidize these costs; however, in the past, the committee has not wanted to dig into this. Clerk Peacock stated that he would support efforts to continue to expand what is reported, especially since some counties are potentially supporting court operations with non-court dollars. He recommended that the committee do an in-depth comparison by peer groups to identify these alternative funding sources. Clerk Burke stated that this is a bigger issue than we think because it is not only how a county is subsidizing a clerk's office, but how they are not billing for certain things. For example, he said years ago we looked at how clerks handle workers comp. He said it turns out that just a few clerks were paying their workers comp premium while other counties were just not billing for that. The county was taking care of it and not cost allocating it to the clerks. Clerk Burke noted that this makes a big difference if one county is paying \$100,000 and another county is paying \$0. Clerk Butterfield stated that this comparison identifies a clerk who is getting subsidized from a county while another clerk is not, and this shows up as a higher cost for total expenditures and weighted cases. She also mentioned domestic violence and if counties have 24-hour/7-days-a-week operations which could potentially lead to higher costs than a county that does not.

Chair Russell stated that there seems to be a lot of debate around the certification letters. Based on this, she asked CCOC staff to explore a potential workgroup to review this process for accuracy and to bring back to this committee for discussion.

A motion was made to approve the budget forms by Clerk Butterfield and seconded by Clerk Maloy; the motion was adopted with objection.

Clerk Alvarez-Sowles voted against this motion based on her concerns with the certification letter. Clerk Butterfield commented that she agrees with Clerk Alvarez-Sowles that we have to capture that information, but she does not think that we have to amend this letter. Instead, she proposes we tackle this with other concepts that were discussed.

Agenda Item 7 - Establish Reserve Fund Calculation for CFY 2022-23

Mr. Kolchakian presented the proposed Reserve Fund Calculation for CFY 2022-23. He began by stating that, last year, the Legislature established the clerks' reserve fund via Senate Bill 838. Last summer, the Reserve Policy Workgroup, led by Vice Chair Smith, drafted the Reserve Fund Policy which was adopted by the Budget Committee. Last year, the committee decided to fund the reserve fund at the statutory minimum of 10% of the cumulative excess for the CFY 2021-22 clerks' budget. For the upcoming CFY 2022-23 budget, the Chair proposes to continue utilizing the 10% statutory minimum to go into the reserve fund. Chair Russell confirmed that she is proposing to continue with the established 10% amount.

A motion was made to continue the 10% of cumulative excess to go into the reserve fund by Clerk Daughtrey and seconded by Clerk Stuart; the motion was adopted without objection.

Agenda Item 8 - Revenue and Expenditures Update

Mr. Kolchakian provided an update on the revenues and expenditures to date. The summary presented is included in the meeting packet and is updated through December 2021. For revenue, there are four months of actuals through December. The Revenue Estimating Conference (REC) year-to-date estimate was \$134.6 million, and we actually collected \$138.9 million. So, for the first four months of the fiscal year, we collected \$4.3 million more than the REC estimate. In December, we collected \$33.5 million which was \$1.7 million over the monthly REC projection. To date, the September, October, and December actuals have come in above the monthly REC estimates. For expenditures, there are three months of actual expenditures data through December. The year-to-date total expenditures were projected at \$111.2 million, and we have actually expended \$100.5 million, which is \$10.7 million below. The next page in the meeting packet is Mike's updated revenue analysis detailing the available funding for this fiscal year, next fiscal year, and the outyears as well as the components that go into these totals. There were no questions or comments.

Agenda Item 9 - CFY 2020-21 Finalized Settle-Up Update

Mr. Kolchakian provided an update on the finalized CFY 2020-21 settle-up numbers, which is included in the meeting packet. Mr. Kolchakian thanked all 67 Clerks and their staff for getting the settle-up numbers submitted by the statutory deadline. All 49 counties that owed funds to the trust fund have submitted settle-up funds. For counties that are owed funds from the trust fund, funds will be received once the budget amendment is processed by DOR which typically occurs in late February or March. Mr. Kolchakian provided a detailed overview of the settle-up summary spreadsheet and the data that each column reflects. At the bottom of the second page, there is a summary total that reflects that there are 17 counties that owe funds to the trust fund totaling \$4.4 million and 49 counties that are owed funds totaling \$18.7 million.

Clerk Green asked if there was a comparison by county on enhanced collection activities to enhance revenue. Mr. Kolchakian stated that Clerk Maloy is chairing the newly established Compliance Workgroup which is currently reviewing this issue. Chair Russell stated that Clerk Maloy can provide an update later in the meeting since it is on the agenda under Other Business.

Agenda Item 10 - Additional Cumulative Excess Budget Discussion

Chair Russell presented the available additional cumulative excess budget from CFY 2020-21. She stated that, as a component to build the current year budget, the committee used a projected cumulative excess estimate established by the REC (since the previous fiscal year was still ongoing). However, at the conclusion of the fiscal year, clerks collected \$1.1 million more than the REC estimate. After 10% of this goes to the reserve fund, this amount is just over \$1 million of additional cumulative excess funds available for the committee to allocate. The committee needs to determine how to utilize these funds. Chair Russell proposes to roll this excess into next fiscal year's budget development total, following the same policy that we did last year. Clerk Alvarez-Sowles asked for clarification on the application of the 10% to reserve. Mr. Kolchakian stated that the 10% applies to the total clerks' share of the cumulative excess (50%) and that this had already been applied to \$11.1 million that the current year budget was built on.

A motion was made to utilize the excess funds to build the CFY 2022-23 budget by Clerk Butterfield and second by Clerk Kinsaul; the motion was adopted without objection.

Agenda Item 11 - Other Business

Chair Russell asked Clerk Maloy to give the committee an update on the Compliance Workgroup. Clerk Maloy provided a brief update on the Compliance Workgroup.

Chair Russell announced that the Winter Conference is scheduled for next month on March 9-11. It will be in person in Panama City Beach and will include a CCOC session. Chair Russell provided a reminder that the last day of the Legislative Session is on March 11 while we are at the Winter Conference.

Chair Russell opened the floor for any comments; there were none. Chair Russell reminded committee members that the next Budget Committee meeting will be held on April 21 in Gainesville.

Meeting adjourned at 11:23 AM.
