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Date: 5/19/2014 1:58:17 PM
Subject: ED LS: Budget Update- Capital Reserve Fund

On Thursday the Senate passed its version of the Capital Reserve Fund, which is sometimes referred to as the rainy day fund

In technical terms, the Capital Reserve Fund (CRF) is a recurring appropriation that must equal 2% of General Fund revenue. If a year-end deficit is forecast, the CRF is reduced to the extent necessary before mandating operating reductions. If no year-end deficit is projected, the CRF may be appropriated in separate legislation for capital improvements or nonrecurring projects. For FY 2013-14, \$117,155,905 is set- side for the Capital Reserve Fund.

Agencies receive funds from that appropriated by the General Assembly from the general fund, and some agencies also receive funding from the Capital Reserve; agencies prefer that monies be appropriated in the general fund, but natch they are anxious to get it any way they can

Following the budget is very difficult as, for example, the House can provide funding for the deal closing fund in the general fund and the Senate can appropriate in the Capital Reserve; occasionally the General Assembly will appropriate funds in both places; so if you are keenly interested in a funding item you have to look at both the House and Senate versions of both the General Fund budget as well as Capital Reserve

In any event here is the Senate version of the Capital Reserve Fund; the smaller the number on the left the better, e. g. being funded at (7) in the capital Reserve means Commerce is much more likely to get the funds than at (37)

(7) P32 – Department of Commerce

Deal Closing Fund	\$24,953,905
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(8) P32 – Department of Commerce

Locate SC Site Inventory	\$6,000,000
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(9) P32 – Department of Commerce

Office of Innovation	\$1,000,000
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(10) P32 – Department of Commerce

Research Initiatives	\$4,000,000
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(11) H59 – State Board for Technical and Comprehensive Education

CATT Program/readySC	\$5,438,000
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(12) H59 – State Board for Technical and Comprehensive Education

Trident Tech – Aerospace	\$5,000,000
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SECTION 2. Funds appropriated above in Section 1, Item (10) [research initiatives] to the Department of Commerce shall be used to fund, upon approval of the Secretary of Commerce and the Coordinating Council for Economic Development, partnerships between the Department of Commerce, higher education institutions, either collectively or individually, and South Carolina-based industry with significant investment in the state. These partnerships shall be in Distribution and Logistics Sciences, or any other science, technology, research, development, or industry that creates well-paying jobs and enhanced economic opportunities for the State as determined by the Secretary of Commerce.

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