

purpose of transferring funds from the State Reserve Fund – Economic Development Opportunities Fund for projects approved by the Legislative Policy Committee.

(8) This section shall not apply to budget amendments for the sole purpose of appropriating funds for Information Technology Investment Fund projects approved by the budget committees.

SECTION 27. AND BE IT FURTHER ENACTED, That in the expenditure of federal funds appropriated in this budget or subsequent to the enactment of this budget by the budget amendment process:

(1) State agencies shall administer these federal funds in a manner that recognizes that federal funds are taxpayer dollars that require prudent fiscal management, careful application to the purposes for which they are directed, and strict attention to budgetary and accounting procedures established for the administration of all public funds.

(2) For fiscal 2003, except with respect to capital appropriations, to the extent consistent with federal requirements:

(a) when expenditures or encumbrances may be charged to either State or federal fund sources, federal funds shall be charged before State funds are charged; this policy does not apply to the Department of Human Resources with respect to federal funds to be carried forward into future years for child care, child welfare, or welfare reform activities or to the Department of Health and Mental Hygiene with respect to funds to be carried forward into future years for the purpose of reducing the waiting list for community services for individuals with developmental disabilities, or with respect to funds to be carried forward into future years for HIV/AIDS-related activities;

(b) when additional federal funds are sought or otherwise become available in the course of the fiscal year, agencies shall consider, in consultation with the Department of Budget and Management, whether opportunities exist to use these federal revenues to support existing operations rather than to expand programs or establish new ones; and

(c) the Department of Budget and Management shall take appropriate actions to effectively establish these as policies of the State with respect to administration of federal funds by executive agencies.

~~**SECTION 28. AND BE IT FURTHER ENACTED,** That, contingent upon the enactment of legislation to reduce the amount of the State contribution to the teachers' and employees' pension and retirement systems in fiscal year 2003, the appropriations in Section 1 of this Act provided for State employee retirement and pension system contributions, in the following amounts:~~

General Funds	16,352,000
Special Funds	4,288,000
Federal Funds	3,136,000

~~The Governor shall develop a schedule for allocating these reductions among the agencies and programs of the executive branch.~~