

than \$1,000,000. The Department of Budget and Management shall report to the fiscal committees by July 1, 1998, on the allocation of reductions by agency and by fund type.

SECTION 35. AND BE IT FURTHER ENACTED, That funds may not be expended on agreements between units of State government of more than \$100,000 \$250,000 unless the agreements have been reviewed and approved by the Board of Public Works. Further provided that the Department of Budget and Management shall submit a report to the Governor and the General Assembly by July 15, 1998, summarizing all fiscal 1998 agreements between units of State government of more than \$100,000 \$250,000 and shall submit a report to the Governor and the General Assembly by July 15, 1999, summarizing all fiscal 1999 agreements between units of State government of more than \$250,000. any agreements between State agencies and any public higher education institution involving an expenditure of more than \$100,000 shall be published in the Maryland Register and reported to the budget committees.

SECTION 36. 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; and

(2) For fiscal 1999, except with respect to capital appropriations, to the extent consistent with federal requirements:

(i) When expenditures or encumbrances may be charged to either State or federal fund sources, federal funds shall be fully utilized before State funds may be 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;

(ii) 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

(iii) 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 37. AND BE IT FURTHER ENACTED, That:

(1) Funds appropriated in this budget, as provided in this section, may not be expended until such time as the Governor's Office for Children, Youth and Families: