

On the Inclusion of a Contingency Line Item in the Budget

Considerations:

- Today, on a year basis, the NYSRC collects funds to meet its expenses, independently on whether the budget has a contingency item or not.
- Each quarter, our Treasurer takes the latest actuals and considers the expenditures coming up in the quarter to come up with the Call for Funds.
- **Therefore, on a year basis, it does not matter whether the budget includes a contingency item or not.** If the contingency is in the budget, it would be considered in the call for funds during the initial quarters, and if not spent, the latter call for funds would be adjusted down. In other words, **the NYSRC always collects the funds it spends.**
- Most organizations manage expenditures to not exceed approved budgets, excluding the contingency item.
- If we include the contingency item in the budget, it should not be assumed that it is an approved expenditure item, as is all other items in the budget. If included, the contingency is there to capture unanticipated expenses, but even then those **unanticipated expenses must be subject to EC approval** to the extent possible.
 - If our insurance premium goes up, this is outside of our control and we must collect funds accordingly.
 - If a new expenditure item or sub-item comes up, we should approve it before the expenditure happens and collect funds accordingly, whether or not there is a contingency line item in our budget.
 - If the budget as a whole is experiencing and overrun, the EC should discuss if it is possible, or desirable, to get back in budget.