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TO: Superintendents of Public School Districts
District Superintendents (information only)

Date: January 25, 2011

FROM: Angie Kill

SUBJECT: Spreading Overpayment Deductions Over Three Years Pursuant to Education Law 3604(5)

Pursuant to Education Law 3604(5), a district or BOCES may request that any overpayments for which they were notified during a school year be deducted over a three year period and that such deduction shall be taken from the June payment due a district or BOCES beginning with the year in which they were first notified of the overpayment.

To be eligible for an overpayment spread, the total amount to be recovered must be in excess of one percent of the agency's total general fund expenditures for the preceding school year. If the agency is eligible for the overpayment spread, we use the unreserved fund balance and the amount due to other governments from the preceding school year's ST-3 or SA-111 in a calculation that determines the amount to be deducted in each of the three years.

Once the agency is notified of the overpayment, if they would like the overpayment to be spread over three years then they should complete and submit the "Request for Extended Overpayment Recovery" form within 30 days of notification of the overpayment to avoid the deduction of the full overpayment. However, for any overpayment notifications sent to the agency during the 2010-11 school year, such request for an overpayment spread should be submitted no later than April 29, 2011 since the deduction will be taken from the June payment.

Questions regarding the overpayment spread criteria or the completion of the form may be directed to Angie Kill at akill@mail.nysed.gov or at (518) 474-2977.