

STATE OF NEW YORK

8845

IN SENATE

January 8, 2026

Introduced by Sen. MARTINEZ -- read twice and ordered printed, and when printed to be committed to the Committee on Education

AN ACT to amend the education law, in relation to prior year state aid adjustments

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Subdivision 5 of section 3604 of the education law, as
2 amended by chapter 82 of the laws of 1995, paragraph a as amended by
3 chapter 161 of the laws of 2005, and paragraph b as amended by section
4 59 of part A of chapter 436 of the laws of 1997, is amended to read as
5 follows:
6 5. a. (i) State aid adjustments. All errors or omissions in the appor-
7 tionment shall be corrected by the commissioner. Whenever a school
8 district has been apportioned less money than that to which it is enti-
9 tled, the commissioner may allot to such district the balance to which
10 it is entitled. Whenever a school district has been apportioned more
11 money than that to which it is entitled, the commissioner may, by an
12 order, direct such moneys to be paid back to the state to be credited to
13 the general fund local assistance account for state aid to the schools,
14 or may deduct such amount from the ~~[next]~~ first apportionment to be made
15 in the subsequent school year to said district~~[, provided].~~
16 (ii) Provided, however, that, upon notification of excess payments of
17 aid for which a recovery must be made by the state through deduction of
18 future aid payments, where the total amount to be recovered is in
19 excess of one percent of the district's total general fund expenditures
20 for the preceding school year, a school district may request that such
21 excess payments be recovered by deducting such excess payments from the
22 payments due to such school district and payable in the ~~[month of June~~
23 ~~in-(i)]~~ first available apportionment of the school year following the
24 school year in which such notification was received and ~~[(ii)]~~ the two
25 succeeding school years, provided further that there shall be no inter-
26 est penalty assessed against such district or collected by the state.
27 Such request shall be made to the commissioner in such form as the
28 commissioner shall prescribe~~[, and shall be based on documentation that~~

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 ~~the total amount to be recovered is in excess of one percent of the~~
2 ~~district's total general fund expenditures for the preceding school~~
3 ~~year].~~ The amount to be deducted in the first year shall be the greater
4 of [~~(i)~~] (A) the sum of the amount of such excess payments that is
5 recognized as a liability due to other governments by the district for
6 the preceding school year and the positive remainder of the district's
7 unreserved fund balance at the close of the preceding school year less
8 the product of the district's total general fund expenditures for the
9 preceding school year multiplied by five percent, or [~~(ii)~~] (B) one-
10 third of such excess payments. The amount to be recovered in the second
11 year shall equal the lesser of the remaining amount of such excess
12 payments to be recovered or one-third of such excess payments, and the
13 remaining amount of such excess payments shall be recovered in the third
14 year. [~~Provided further that, notwithstanding any other provisions of~~
15 ~~this subdivision, any pending payment of moneys due to such district as~~
16 ~~a prior year adjustment payable pursuant to paragraph c of this subdivi-~~
17 ~~sion for aid claims that had been previously paid as current year aid~~
18 ~~payments in excess of the amount to which the district is entitled and~~
19 ~~for which recovery of excess payments is to be made pursuant to this~~
20 ~~paragraph, shall be reduced at the time of actual payment by any remain-~~
21 ~~ing unrecovered balance of such excess payments, and the remaining sche-~~
22 ~~duled deductions of such excess payments pursuant to this paragraph~~
23 ~~shall be reduced by the commissioner to reflect the amount so recov-~~
24 ~~ered.]~~

25 (iii) The commissioner shall certify no payment to a school district
26 based on a claim submitted later than three years after the close of the
27 school year in which such payment was first to be made. For claims for
28 which payment is first to be made in the nineteen hundred ninety-six--
29 ninety-seven school year, the commissioner shall certify no payment to a
30 school district based on a claim submitted later than two years after
31 the close of such school year. For claims for which payment is first to
32 be made in the nineteen hundred ninety-seven--ninety-eight school year
33 and thereafter, the commissioner shall certify no payment to a school
34 district based on a claim submitted later than one year after the close
35 of such school year. Provided, however, no payments shall be barred or
36 reduced where such payment is required as a result of a final audit of
37 the state. It is further provided that, until June thirtieth, nineteen
38 hundred ninety-six, the commissioner may grant a waiver from the
39 provisions of this section for any school district if it is in the best
40 educational interests of the district pursuant to guidelines developed
41 by the commissioner and approved by the director of the budget.

42 b. Claims resulting from court orders or judgments. Any payment which
43 would be due as the result of a court order or judgment shall not be
44 barred, provided that, commencing January first, nineteen hundred nine-
45 ty-six, such court order or judgment and any other data required shall
46 be filed with the comptroller within one year from the date of the court
47 order or judgment, and provided further that the commissioner shall
48 certify no payment to a school district for a specific school year that
49 is based on a claim that results from a court order or judgement so
50 filed with the comptroller unless the total value of such claim, as
51 determined by the commissioner, is greater than one percent of the
52 school district's total revenues from state sources as previously
53 recorded in the general fund and reported to the comptroller in the
54 annual financial report of the school district for such school year.

55 c. Payment of moneys due for prior years. State aid payments due for
56 prior years in accordance with the provisions of this subdivision shall

1 be paid [~~within the limit of the appropriation designated therefor~~
2 ~~provided, however, that each eligible claim shall be payable in the~~
3 ~~order that it has been approved for payment by the commissioner, but in~~
4 ~~no case shall a single claim draw down more than forty percent of the~~
5 ~~appropriation so designated for a single year, and provided further that~~
6 ~~no claim shall be set aside for insufficiency of funds to make a~~
7 ~~complete payment, but shall be eligible for a partial payment in one~~
8 ~~year and shall retain its priority date status for appropriations desig-~~
9 ~~nated for such purposes in future years]~~ to the school district in the
10 first apportionment of the school year following the notification of
11 such payments. For payment of eligible claims approved by the commis-
12 sioner as of June thirtieth, two thousand twenty-five, the state shall
13 annually appropriate and pay the lesser of fifty million dollars or the
14 total sum then due and owing to school districts as eligible claims,
15 whenever approved by the commissioner.

16 § 2. This act shall take effect immediately and shall apply to school
17 years commencing on and after July 1, 2026.