

STATE OF NEW YORK

8845--B

IN SENATE

January 8, 2026

Introduced by Sens. MARTINEZ, FAHY -- read twice and ordered printed, and when printed to be committed to the Committee on Education -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported favorably from said committee and committed to the Committee on Finance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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

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

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1 school year in which such notification was received and [~~(ii)~~] the two
2 succeeding school years, provided further that there shall be no inter-
3 est penalty assessed against such district or collected by the state.
4 Such request shall be made to the commissioner in such form as the
5 commissioner shall prescribe[~~, and shall be based on documentation that~~
6 ~~the total amount to be recovered is in excess of one percent of the~~
7 ~~district's total general fund expenditures for the preceding school~~
8 ~~year]. The amount to be deducted in the first year shall be the greater~~
9 of [~~(i)~~] (A) the sum of the amount of such excess payments that is
10 recognized as a liability due to other governments by the district for
11 the preceding school year and the positive remainder of the district's
12 unreserved fund balance at the close of the preceding school year less
13 the product of the district's total general fund expenditures for the
14 preceding school year multiplied by five percent, or [~~(ii)~~] (B) one-
15 third of such excess payments. The amount to be recovered in the second
16 year shall equal the lesser of the remaining amount of such excess
17 payments to be recovered or one-third of such excess payments, and the
18 remaining amount of such excess payments shall be recovered in the third
19 year. [~~Provided further that, notwithstanding any other provisions of~~
20 ~~this subdivision, any pending payment of moneys due to such district as~~
21 ~~a prior year adjustment payable pursuant to paragraph c of this subdivi-~~
22 ~~sion for aid claims that had been previously paid as current year aid~~
23 ~~payments in excess of the amount to which the district is entitled and~~
24 ~~for which recovery of excess payments is to be made pursuant to this~~
25 ~~paragraph, shall be reduced at the time of actual payment by any remain-~~
26 ~~ing unrecovered balance of such excess payments, and the remaining sche-~~
27 ~~duled deductions of such excess payments pursuant to this paragraph~~
28 ~~shall be reduced by the commissioner to reflect the amount so recov-~~
29 ~~ered.]~~

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

47 b. Claims resulting from court orders or judgments. Any payment which
48 would be due as the result of a court order or judgment shall not be
49 barred, provided that, commencing January first, nineteen hundred nine-
50 ty-six, such court order or judgment and any other data required shall
51 be filed with the comptroller within one year from the date of the court
52 order or judgment, and provided further that the commissioner shall
53 certify no payment to a school district for a specific school year that
54 is based on a claim that results from a court order or judgement so
55 filed with the comptroller unless the total value of such claim, as
56 determined by the commissioner, is greater than one percent of the

1 school district's total revenues from state sources as previously
2 recorded in the general fund and reported to the comptroller in the
3 annual financial report of the school district for such school year.

4 c. Payment of moneys due for prior years. State aid payments due for
5 prior years in accordance with the provisions of this subdivision prior
6 to July first, two thousand twenty-six shall be paid within the limit of
7 the appropriation designated therefor provided, however, that each
8 eligible claim shall be payable in the order that it has been approved
9 for payment by the commissioner, but in no case shall a single claim
10 draw down more than forty percent of the appropriation so designated for
11 a single year, and provided further that no claim shall be set aside for
12 insufficiency of funds to make a complete payment, but shall be eligible
13 for a partial payment in one year and shall retain its priority date
14 status for appropriations designated for such purposes in future years.
15 Eligible claims approved by the commissioner on or after July first, two
16 thousand twenty-six in accordance with the provisions of this subdivi-
17 sion shall be paid to a school district in the first apportionment of
18 the school year following the notification of such payments.

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