



Policy Name:	Policy on Recouping Salary Overpayments		
Associated Form(s):	1. Sample Notification for Recouping Overpayments in Next Pay Cycle 2. Sample Notification for Recouping Overpayments in Several Pay Cycles	Policy Number:	2020-4
Approval Authority:	President <i>Timothy L. Hall</i>	Adopted:	June 3, 2020
Reviewed:	Non-Academic Policy Committee	Approved:	May 27, 2020
Responsible Executive:	Vice President for Finance and Chief Financial Officer	Revised:	N/A
Responsible Offices:	Payroll and Human Resources	Contact:	Director of Payroll and Director of Human Resources

I. Policy Statement

Despite best efforts, an individual may sometimes receive salary overpayments due to clerical or mathematical errors on the part of the University. This policy sets forth the procedures for correcting overpayments made in error, in compliance with New York Labor Law Statute 12 NYCRR 195-5 (Deductions for Advances and Overpayments).

II. Procedure for Recouping of Overpayments

New York State Labor law permits the University to make deductions from an employee's wages for an overpayment of wages where such overpayment is due to a mathematical error or other clerical error by the University. Such deductions are only permitted as follows:

A. Timing and Duration: The University may only recover such overpayments as were made in the eight (8) weeks prior to the issuance of the Notice of Recoupment (in Appendices A and B). Overpayments beyond eight (8) weeks of this notice can only be recouped through a mutual agreement on the part of the employee and the University. The University may only make deductions to recover overpayments for a period of six (6) years from the original overpayment.

B. Frequency: The University shall recover overpayments by wage deduction no more frequently than once per wage payment.

C. Method of Recovery: Overpayments may be recovered through wage deduction or by separate transaction.

D. Limitations on the Periodic Amount of Recovery: The procedure for recoupment will depend on whether the full overpayment can be recouped from the employee's next paycheck.

1. In such cases where the entire overpayment is less than or equal to the net wages earned after other permissible deductions in the next wage payment, the University may recover the entire amount of such overpayment in that next wage payment.
2. Where the recovery of an overpayment exceeds the net wages after other permissible deductions in the immediately subsequent wage payment, the recovery may not exceed 12.5% of the gross wages earned in that wage payment nor shall such deduction reduce the effective hourly wage below the statutory state minimum hourly wage.

E. Notice of Intent. When an overpayment is identified, the University's Payroll Department will send the employee written notice of intent to commence the deductions to recover the overpayment.

1. If the entire amount of the overpayment can be reclaimed in the next wage payment, notice will be given at least three (3) business days before the deduction.
2. In all other cases, notice shall be given at least three (3) weeks before the deductions may commence.

F. Procedures for Contesting Recoupment. Affected individuals may contest the recouping of the overpayment as follows:

1. The employee may only respond within one week from the date of the receipt of the notice of intent to recover overpayments.
2. The University must reply to the response within one week of receipt of the employee's response. Such reply shall address the issues raised by the employee in his or her response, and contain a clear statement indicating the University's position with regard to the overpayment, including whether the University agrees with the employee's position(s) regarding the overpayment or disagrees with the employee's position(s) and provide a reason why the University agrees or disagrees.
3. The University shall provide written notice of the opportunity for the employee to meet with a representative from the University's Office of Human Resources within one week of receiving the University's reply to discuss any disagreements that remain regarding the deductions.
4. The University will provide the employee with written notice of the final determination regarding the deductions within one week of this meeting. When making a final determination regarding the existence of an overpayment, the University shall consider the agreed upon wage rate paid to the employee and whether the alleged overpayment appeared to the employee to be a new agreed upon rate of pay. When making a final determination regarding the amount of the deduction to be made per pay period and the date such deduction(s) shall commence, the employer shall consider the issues raised in the employee's request regarding the amount of each deduction.
5. Should employees avail themselves of the procedure set forth in this subsection, the University will not commence taking the deduction for at least three weeks after issuing the final determination. Where the entire overpayment may be reclaimed in the next wage payment after the overpayment, the employee shall provide their response to the employer within two days after the receipt of the notice of intent to postpone the deduction while the procedure in this subsection is followed. The University will repay the employee for any deduction found to be improper no later than the time period provided for payment of wages earned

on the day of that determination.

III. Authorization and Notification.

Any authorizations, notices, responses, replies or determinations required to be given under this Policy may be given in writing or through email or other electronic means. Statements given to an employee shall use ordinary language readily understood and shall appear in a font size no smaller than a 12-point font. The University's Payroll Department shall keep a record of any such authorization for at least six years after such employee's employment.



Appendix A

Sample Notification for Recouping Overpayments in the Next Wage Payment

You have received an overpayment of \$_____ before taxes and other deductions on your mm/dd/yyyy paycheck. The University intends to recoup these funds in your mm/dd/yyyy paycheck.

If you do not agree with the University's assessment of the overpayment, please provide written notice to the Payroll Office within one week of the date of this notice as to why you believe your paycheck on mm/dd/yyyy was correct or what you believe the correct overpayment amount to be. Your notice should be time stamped when submitted to the Payroll Office at 555 Broadway, Dobbs Ferry, NY or submitted via e-mail to payrolldept@mercy.edu.

Date:mm/dd/yyyy



Appendix B

Sample Notification for Recouping Overpayments over Several Pay Cycles

You have received an overpayment of \$_____ before taxes and other deductions on your mm/dd/yyyy paycheck. The University intends to recoup these funds over the following pay cycles as indicated:

Payment 1: mm/dd/yyyy paycheck - \$xx.xx

Payment 2: mm/dd/yyyy paycheck - \$xx.xx

Payment 3: mm/dd/yyyy paycheck - \$xx.xx

Payment 4: mm/dd/yyyy paycheck - \$xx.xx

Payment 5: mm/dd/yyyy paycheck - \$xx.xx

Payment 6: mm/dd/yyyy paycheck - \$xx.xx

If you do not agree with the University's assessment of the overpayment, please provide written notice to the Payroll Office within one week of this notice as to why you believe your paycheck on mm/dd/yyyy was correct or what you believe the correct overpayment amount to be. Your notice should be time stamped when submitted to the Payroll Office at 555 Broadway, Dobbs Ferry, NY or submitted via e-mail to payrolldept@mercy.edu.

Date:mm/dd/yyyy