

## **PAYROLL OVERPAYMENT POLICY**

### 1. Policy Statement

- 1.1. To establish Albert Einstein College of Medicine (“Einstein”) policy and procedures for identifying, correcting, and recovering salary overpayments from current or former Einstein employees.

### 2. Reason for Policy

- 2.1. Einstein employees may be paid more than is owed to them. New York State Labor Law permits an employer to make deductions from an employee’s wages for “an overpayment of wages where such overpayment is due to a mathematical or other clerical error by the employer”.
- 2.2. The most common overpayments are due to: input errors in creation of an employee’s EPAF (Electronic Payment Action Form), Kronos timekeeping attendance for sick/vacation/overtime, or omission to terminate a position. This policy is intended to identify the appropriate procedure to recover excess wage payments regardless of the source of the error.

### 3. Definitions

- 3.1. “Overpayment” is defined as compensation paid to an employee in excess of the amount owed for a given period.
- 3.2. “Repayment” is the process by which an employee or former employee returns the excess funds to Einstein.

### 4. Administration

- 4.1. Because overpayments can result from numerous origins, there must be a shared responsibility between the employee, Departmental Representative, Human Resources and Payroll Services to identify and correct the source of the error and then recover the overpayment in a timely manner.
- 4.2. **Employees** are expected to review their salary payments each pay period for accuracy and promptly report any discrepancies to their supervisor and the Director of Payroll Services.
- 4.3. **Departmental Representatives** are responsible for managing financial and related resources, including monitoring of salary matters for their respective departments. To that end, Department Representatives are expected to review their budget reports to assist in reconciliation and verification of salary payments. When a salary overpayment occurs, Department Representatives must promptly notify the Director of Payroll Services in order to recover departmental funds.
- 4.4. **HRIS and Payroll Services Departments** are responsible for making timely and accurate salary payments to Einstein employees. When an overpayment is identified, the HRIS Department will review the supporting wage records to determine the source of the error. Payroll Services will address any Kronos time and attendance source errors.

4.5. Payroll Services is responsible for reviewing each overpayment situation, ascertaining the best course of action for rectifying the error and managing the recovery process. These responsibilities include calculating the gross and net overpayment amounts (including any adjustments to the tax withholdings), cancelling checks, reversing direct deposits, determining repayment options, correcting the employee records and amending an employee W-2 or W-2c (“Corrected Wage and Tax Statement”), when applicable.

## 5. Notice of Intent

5.1. After it is discovered that an overpayment has been made, a formal **Notice of Intent Letter** will be sent to the employee to advise of the overpayment and outline the steps of overpayment recovery.

5.2. In accordance with New York State laws, where the entire overpayment is less than or equal to the net wages earned by the employee in the next wage payment after other permissible deductions, Einstein may recover the entire amount of such overpayment in the next wage payment. Notice shall be given at least three days prior to the deduction. Where the recovery of an overpayment exceeds the net wages after other permissible deductions in the next wage payment, the recovery may not exceed 12.5% of the gross wages earned in that wage payment and may not reduce the effective hourly wage below the minimum wage rate. The date of the first pay period for the deduction will be at least three weeks from the date of the **Notice of Intent Letter**. The deductions to recover overpayments may continue for up to a period of six years from the original overpayment.

5.3. The **Notice of Intent Letter** will include the following information:

- *The amount overpaid in total and per pay period;*
- *The total amount to be deducted and the date each deduction will occur followed by the amount of each deduction;*
- *Notice to the employee that he or she may contest the overpayment;*
- *The date by which the employee must contest the overpayment;*
- *The procedure by which the employee may contest the overpayment and/or terms of recovery;*
- *Director of Payroll Services Contact information.*

5.4. The procedure for disputing a determination that an overpayment was made and the terms of recovery shall be as follows:

- I. *If the employee intends to dispute the overpayment, terms of recovery, and/or seek a delay, he or she must do so within one week of receipt of the **Notice of Intent Letter**.*
- II. *Einstein must respond to the employee’s challenge within one week of receiving it. Such reply must address the issues raised by the employee, contain a clear statement indicating Einstein’s position with regard to the overpayment, including whether it agrees or disagrees with the employee’s position regarding the overpayment, and provide a reason why Einstein agrees or disagrees.*
- III. *Einstein must give the employee written notice that he or she has a right to meet with the employer within one week of receiving the employer’s reply to discuss any disagreements that remain regarding the deductions.*

- IV. *Einstein must provide the employee with written notice of its final determination regarding the deductions within one week of such a meeting. In making its final determination, Einstein must consider the employee's wage rate and whether the overpayment appeared to the employee to be a new wage rate (i.e. a raise). When making a final determination regarding the amount of the deduction to be made per pay period and the date such deduction will commence, Einstein must consider the issues raised in the employee's request regarding the amount of each deduction.*

See Footnote <sup>1</sup>

In the event an employee avails himself or herself of this dispute procedure, Einstein may not commence taking deductions until at least three weeks after issuing a final determination.

6. Enforcement

- 6.1. Einstein reserves the right to take additional steps to recover overpayments, including legal proceedings.

7. Positive Relationships

- 7.1. The Human Resources Division has established the above guidelines to ensure that a policy and process is in place for salary overpayments. Einstein is mindful that issues around money can pose a hardship for employees and may be difficult to address. Notification and recovery of all overpayment funds should be undertaken with discretion and in a matter that preserves the employee's dignity.

8. Contact

8.1. [Payroll Office](#)

**Daryl Haley**, Payroll Manager

Contact Info: 718.430.2016 or [daryl.haley@einstein.yu.edu](mailto:daryl.haley@einstein.yu.edu)

**Paula Jospheh**, Kronos Specialist

Contact Info: 718.430.2731 or [paula.joseph@einstein.yu.edu](mailto:paula.joseph@einstein.yu.edu)

**Charlotte Perry**, Payroll Analyst

Contact Info: 718.430.3048 or [charlotte.perry@einstein.yu.edu](mailto:charlotte.perry@einstein.yu.edu)

**Veronica Pritchett**, Payroll Compliance Specialist

Contact Info: 718.430.2624 or [veronica.pritchett@einstein.yu.edu](mailto:veronica.pritchett@einstein.yu.edu)

---

<sup>1</sup> With respect to employees subject to a collective bargaining agreement, please refer to the dispute resolution provisions contained in the applicable collective bargaining agreement.