



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

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Nell Brady, Director

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To: Approved special education providers (ASEPs)

From: New York State Education Department (NYSED) Rate Setting Unit (RSU)

Subject: Surplus interest reporting guidance

Background: In accordance with Chapter 56 of the Laws of 2022 and NYSED's tuition rate setting methodology, certain ASEPs may retain surpluses in the 2021-22 fiscal year and thereafter. The law was recently amended (via Chapter 521 of 2024) to allow interest earned or investments realized on surplus funds to supplement rather than offset tuition rates, beginning in the 2022-23 fiscal year.

Issue: To ensure that tuition rates are calculated properly, and that surplus interest or investments are not treated as offsetting, ASEPs must report any such interest/investments separately on their Consolidated Fiscal Reports (CFR) for 2022-23 fiscal year and forward.

Recommendation: ASEPs must report interest earned on surplus funds under cost code 22998, Other Revenue, on CFR-1. They must also include a note in the Worksheet Detail CFR schedule, indicating that this is interest earned on surplus funds. This should align with the ASEP's financial statements as well. (There are multiple ways for the documents to align. Please consult with your Certified Public Accountant or other financial expert.)

RSU will work with the CFR committee (which includes representatives from all State agencies that use the CFR web-based system) to create a drop down for cost code 22998, Other Revenue, that will allow providers to select a description that identifies these funds as interest earned on surplus. Until then, please provide a description as instructed above.