Title of the Policy: Relocation Expense Policy

**Functional Area:** Business and Finance

**Applies To:** All Faculty and Staff

**Policy Reference(s):**

**Number:** N/A

**Date Issued:** 03/2012

**Date Revised:** 06/2015

**Page(s):** 5

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**Responsible Person**

The Director of Human Resources is responsible for maintenance of this policy, and for responding to questions posed regarding this policy.

**Purpose / Rationale**

Relocation expenses for eligible employees may be provided if funds are available in the budget of the applicable department or college. The following guidelines (subject to IRS regulations) will determine the total amount approved for relocation, up to a maximum amount equal to one (1) month salary of the employee.

**Definitions**

Eligible Employee: A new tenure track faculty member or staff member holding the title of at least assistant director in a regular, full-time position

Employment Relocation Agreement: An agreement (see attachment A) to repay moving and relocation expenses if the employee remains in the employment of the University from the first day in the new position until twelve (12) months thereafter and meets the other eligibility requirements listed below. The agreement is expected to be made at the time of offering the position and then signed and approved prior to creation of the official offer letter.

Household: Includes any members of the employee’s household or dependents residing in the household and/or moving to the new location.

Household Goods: Personal property which may be transported legally in interstate commerce and which belongs to an employee and his immediate family at the time shipment begins. The term includes household furnishings, equipment and appliances, clothing, books, and similar property. It
does not include property which is for resale or disposal rather than for use by the employee or members of his immediate family; nor does it include property intended for use in conducting a business or any other commercial enterprise.

Letter of Offer: A written agreement documenting the terms and conditions of employment between the new employee and the University and including the amount allocated for relocation and moving expenses. The Letter of Offer is part of the documentation package that must be sent to Payroll before funds can be encumbered for any relocation and moving expenses.

Moving Expenses: Expenditures for transporting the employee, members of employee’s household, household goods and personal effects from the former residence to the new residence. (See the details below for qualified and non-qualified expenses)

Non-Reimbursable Moving Expenses: Expenses not specified in the Armstrong State University Relocation Expense Policy. Non-reimbursable expenses may be paid with funds provided by a cooperative unit of the University and not by University accounts if funding is available.

Primary Household: Household goods and personal effects, which are maintained at the employee’s main place of residence.

Relocation Expense Reimbursement Request: A form (see attachment B) to be completed by the employee, documenting expenses to be reimbursed. Completed form must be submitted to the employing unit for supervisory approval prior to being submitted for reimbursement.

Temporary Housing: Lodging or housing in which the employee lives until a permanent residence is secured. Temporary quarters can consist of any type of lodging including hotels, motels, apartments or single-family dwellings. Per IRS guidelines, these expenses are classified as nonqualified, taxable moving expenses.

Policy

In order to be eligible for relocation expenses reimbursement, an employee must be a tenure track faculty member or hold the title of at least assistant director in a regular, full-time position. The appropriate Vice President, Dean or Department Head must approve the Employment Relocation Agreement (see Attachment A).

The Vice President for Business and Finance must approve all requests prior to the offer being extended in the offer letter.

Relocation reimbursements must be funded from department budgets and cannot exceed one month’s salary of the reimbursed employee.

To be eligible for reimbursement, the employee's relocation must meet all of the following conditions:

1. **At Employer's Request.** The relocation must be at the request of the University as determined by the College Dean or Vice President. Expenses will not be reimbursed when the move is at the request of, or for the convenience of, the employee.

2. **Distance.** The distance between the employee's new work location and former residence must be at least 50 miles greater than the distance between the employee's old work location
and former residence. The employee's commuting distance must have increased by at least 50 miles one way.

3. **Permanent.** The employee will be expected to work on a regular, full-time basis for at least one (1) academic/academic year at Armstrong State University.

Note: If the **employee's spouse** is a state employee and otherwise eligible for moving and relocation expenses, reimbursements of any such expenses will be paid to one employee only and to move the primary household only to the new location.

**Employment Relocation Agreement**

Any employee to be reimbursed for moving and relocation expenses must execute an Employment Relocation Agreement with the University before any such expenses are incurred. The agreement will specify that:

1. The employee must remain employed on a regular full-time basis for a period not less than one (1) calendar/academic year following the effective date of the move.
2. If the employee discontinues employment with Armstrong State University before the obligated one year of service, the employee will refund to the University the gross amount of moving and relocation reimbursements, i.e., actual payments received by employee and any payments made to third parties on the employee’s behalf plus all taxes deducted that relate to those payments.
   a. In the event of termination of employment for reasons not within the control of the employee and deemed sufficient by the University, the University may waive the repayment provision of the Employee Relocation Agreement;
   b. If no such waiver is granted, the Employee authorizes the University to withhold said amount from any sums payable to the Employee, up to the limits allowed by law.
3. Repayment may be waived if employment is terminated for reasons beyond the employee's control and acceptable to the University.
4. The Employee Relocation Agreement must be signed and approved prior to creation of the official offer letter.

**Reimbursements and Guidelines**

Funds for reimbursable moving and relocation expenses and related taxes, if any, must originate from the budget of the hiring department or college. When the University provides moving and relocation reimbursement, the maximum dollar amount will be equal to one (1) month salary of the employee.

IRS guidelines for reimbursement require that the distance between the old home and the new place of work be at least 50 miles greater than the distance between the old home and the old place of work. If the distance test is not met, moving reimbursements will be reported as taxable income subject to applicable income and employment taxes.

Reimbursement of allowable expenses, defined as "qualified" and "non-qualified" in accordance with current IRS regulations, may be made. Reimbursement of non-qualified expenses is subject to withholding of applicable income and employment taxes. Reimbursements are reported on the IRS Form W-2. Guidelines in this policy are current as of the revision date of this policy, and outline IRS rules for taxing reimbursement. Please review the most current IRS moving expense publication for updates.
Qualified reimbursable expenses (not subject to tax withholding)

1. Commercial moving company fees
2. Charges for packing supplies, crating, mailing and/or shipping household goods
3. Optional insurance on items such as furniture, clothing and utensils
4. Rental truck fees
5. In-transit storage for up to 30 consecutive days after moving out of former home and prior to moving into new home
6. Costs of connecting or disconnecting utilities required as a result of moving household goods, appliances, or personal effects
7. Shipment of car(s), if not used in the move
8. Travel and lodging costs for one trip (employee and members of household) from the old residence to the new residence, which may include:
   a. Gas expenses, based upon receipts or IRS current rate for personal or rental vehicles as indicated on the Relocation Expense Reimbursement Request Form
   b. Lodging in transit (appropriate measures should be taken to obtain best value)
   c. Airfare (coach only)
   d. Rental car (appropriate measures should be taken to obtain best value)
   e. Tolls, taxi, limousine, or parking
   f. Pet shipping charges

Non-qualified reimbursable expenses (subject to tax withholding)

1. Travel and lodging costs incurred during house hunting trips or additional trips from the old residence to the new residence.
2. Cost of meals at any point in the relocation process. Maximum allowance is $35 per day per adult, and $17.50 for children under the age of 12. Meal receipts are not required.
3. House hunting expenses (one trip, not to exceed five days) may include:
   a. Gas expenses, based upon receipts or IRS current rate for personal or rental vehicles as indicated on the Relocation Expense Reimbursement Request Form
   b. Lodging (appropriate measures should be taken to obtain best value)
   c. Airfare (coach only)
   d. Rental car (appropriate measures should be taken to obtain best value)
   e. Tolls, taxi, limousine or parking
4. Temporary housing.

Non-Reimbursable Expenses

Expenses not paid by the university include:

1. Storage (excluding 30 days in transit)
2. Meals and travel costs incurred by laborers
3. Expenses incurred by persons not considered to be dependents for tax purposes
4. Costs related to immigration
5. Loss of security deposits
6. Real estate expenses including expenses of buying or selling a home (including closing costs, mortgage fees, and points).
7. Postage costs for realty and mortgage documents
8. Personal telephone calls, tips, movies, or other entertainment.
9. Extraordinary items requiring special handling (e.g., boats)
10. Bank fee for cashier’s checks
Payment of Moving Expenses

1. Payment for shipping of household goods, as provided in these guidelines, may be processed as individual reimbursements, or direct payment to the carrier(s) via purchase orders.
2. Reimbursement of qualified moving expenses may be excluded from taxable income if distance and all other conditions are met.

Payment of Expenses for Business Trips and/or House Hunting Trips

1. House hunting expenses, such as airline costs, hotels, or auto rental agencies are paid only through the reimbursement process. This is taxable income.
2. Reimbursement of expenses incurred during business trips, which may also include house hunting, is not taxable income. These expenses are processed in accordance with University guidelines.

Relocation expenses and payment options should be negotiated with the new faculty or staff member during the hiring process. The letter of offer must specify the payment option (direct payment or reimbursement) selected and define the maximum amount. It is important to inform the new employee that applicable taxes are withheld for "non-qualified" expenses as defined in the policy.

Related Procedures

Employing Unit Responsibilities

1. Review Relocation Expense Policy prior to extending a verbal offer to a candidate to ensure eligibility.
2. Once the verbal offer has been accepted, complete the Employment Relocation Agreement and obtain all required approvals prior to requesting the creation of the official offer letter from Human Resources.
3. Submit completed and approved Employment Relocation Agreement to the Office of Human Resources.
4. If employee requests direct payment to commercial carrier for moving expenses, the employing department must create a requisition in PeopleSoft for the direct payment of commercial carrier.

Employee Responsibilities

1. As soon as relocation expenses have been incurred, complete the Relocation Expense Reimbursement Request form and obtain all required approvals.
2. Submit a copy of the Letter of Offer, the completed Employment Relocation Agreement form, and the Relocation Expense Reimbursement Request form, along with copies of receipts, to the Office of Human Resources.

Please note: Expenses must be submitted for reimbursement within 60 days of when expenses occur. The entire reimbursement process should be completed within one (1) year of the employee’s start date.
Payroll Office Responsibilities

1. Calculate tax-reporting requirements on non-qualified expenses and withhold applicable income and employment taxes from the payment.
2. Issue reimbursement with the next monthly payroll deposit once Relocation Expense Reimbursement Request Form (with supporting documents) is submitted and approved.
4. Retain documentation for audit purposes.
Employment Relocation Agreement

This agreement made this ______ day of ___________________ 20____ by and between Armstrong State University (hereinafter "University"), and _________________________, an employee or prospective employee of the University (hereinafter "Employee").

That for and in consideration of the mutual promises and covenants herein contained, the University and the Employee agree as follows:

1. University and Employee are mutually desirous that Employee’s residence be located from _________________________ to _________________________ in order that the residence be in the area of Employee’s future employment.

2. University agrees to reimburse or pay on behalf of the Employee certain expenses incurred as a result of relocation. Reimbursable expenses are detailed in the Relocation Expense Policy incorporated herein by reference. It is agreed that total reimbursable expenses will be limited to $__________________.

3. Employee agrees to remain in the employ of the University for a period of one year beginning ________________________.

4. University and Employee agree that said reimbursement is conditioned upon Employee remaining in the employ of the University for the aforementioned period; and that should Employee fail to remain in said employment for such period, Employee will repay to the University all money received or paid to a vendor plus related payroll tax withheld for the moving and relocation expenses.

5. University and Employee agree that in the event of a termination of employment for reasons not within the control of Employee which are deemed sufficient to the University, the University may waive the repayment provision of this agreement. Said Waiver shall not be effective unless it is incorporated into a writing signed by the head of the department where Employee is employed and approved by the appropriate Vice President’s Office of the University.

6. Employee hereby gives the University an express lien on all salaries, wages and other sums payable to Employee by the University for the purpose of securing University for the payment of any amount which may become due from Employee under paragraph 4. Employee authorized the University to withhold said amount form any sums payable to Employee for salaries, wages, expense reimbursement or otherwise, up to the limits allowed by law.

Signed:

____________________________________  _________________________
Employee

____________________________________  _________________________
Department Head/Director

____________________________________  _________________________
Dean (if applicable)

____________________________________  _________________________
Supervisory Vice President

____________________________________  _________________________
Vice President – Business & Finance

____________________________________  _________________________
Vice President – Advancement (if foundation funds are used)

Funding Source (to be completed by Department Head/Director)

Relocation Expense Policy sent to employee with this Agreement.
Relocation Expense Reimbursement Request

Employee Name: _______________________________________________________________

Contact/Mail Address: ___________________________________________________________

Telephone/Cell: __________________________ Office: ___________________________

Department: ___________________________ Job Title: ___________________________

Maximum Budget Allowed: _______________________________________________________

Chart String(s) where expenditures occur:
Dept________ Fund________ Acct________ Program________ Class________ Project________

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<tr>
<th>Supervisor Approval</th>
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<tr>
<th>Expense Category</th>
<th>Payment to Employee</th>
<th>Payment to Third Party</th>
<th>QME PR USE</th>
<th>NME PR USE</th>
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<td>Packing/Crating/Insurance</td>
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<td>Rental Truck/Car</td>
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<td>Commercial Moving Company</td>
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<td>In transit storage (30 day limit)</td>
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<td>Airfare (coach only)</td>
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<td>Auto Mileage (x IRS guidelines) or Gas Purchase</td>
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<td>Meals</td>
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<td>Lodging</td>
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I certify the expenses listed were incurred by me as a result of my relocation from ____________ to ____________ which is a commuting distance greater than 50 miles one way than the commuting distance between my former residence and my former work location. I agree that in the event of voluntary separation or termination for cause, within the first year of employment, I will repay the University all relocation cost unless the University waives repayment.

Employee Signature __________________________ Date ____________