9.14 Relocation Policy for Employees

Policy Information

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<tr>
<th>Policy Number: 9.14</th>
<th>Effective Date: January 1, 2018</th>
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<tr>
<td>Responsible Unit: FSO - Financial Management</td>
<td>Last Revised Date: February 19, 2016</td>
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<tr>
<td>Email: <a href="mailto:fin-mgmt@fso.arizona.edu">fin-mgmt@fso.arizona.edu</a></td>
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Purpose and Summary

To provide guidelines for instances where relocation costs are necessary for an individual to accept employment with the University and to reimburse or pay on behalf of the employee for allowable relocation expenses consistent with applicable regulations, good business practices and budgetary limitations.

Source

Internal Revenue Service
Moving Agreements
Arizona Revised Statues § 35-196.01

Scope

This policy applies University-wide, including Main Campus, the Arizona Health Sciences Campus, the Phoenix Biomedical Campus, and the University of Arizona – South. In addition, this policy applies to all off-site campus units both domestic and international for household relocation expenses for all University benefits eligible employees.

Definitions

1. Household Relocation Expenses: Relocation expenses as defined below for the employee and their household members, those currently residing in the household that will be relocated to the new residence. Household members do not include a tenant or household employee, unless the University employee also claims that person as a dependent on his/her tax return.

2. Contracted Booking Agent: University contracted vendors with established moving agreement pricing offering highly discounted rates along with other benefits at no additional costs to the new employee relocating to the University.

3. Research/Business Relocation Expenses: The cost of moving research laboratory or office equipment from an employee’s former university to their place of work at the University of Arizona. Business moving expenses are paid separately and not included as part of the employee’s household relocation allowance.

Policy

1. The University may, in exceptional cases and at departmental senior leadership discretion, pay for certain costs directly related to relocation when providing a moving allowance necessary for an
individual to accept employment with the University. Moving allowances must be negotiated at the
time of offering a position and be included in the signed offer letter.

2. The University complies with the Internal Revenue Code for proper taxation and reporting of
household relocation expenses paid directly to and/or on behalf of employees. Payments will have
taxes withheld based on the employee’s selections on their Federal and State Withholding forms
(Federal W-4 and State A-4).

3. The University will reimburse or pay on behalf of the employee, up to the amount agreed to in the
employment offer letter for reimbursable expenses as defined below.

4. Expenses for moving laboratory and office equipment directly to the University must be included in
the offer letter and will be paid or reimbursed separately from the employee’s household moving
allowance.

5. Pre-move house hunting expenses are inclusive of the moving allowance amount agreed upon in the
employment offer and include any trip to the University of Arizona after the employee has been
offered a position, whether or not accepted, but before the final move. The initial trip of the candidate
to interview for the position is a qualified business expense and is not taxable.

6. The move itself is solely the responsibility of the new employee. The contract for the move, along with
any problems that may result from the move, is between the employee and the moving company. The
University's only involvement is the reimbursement to the employee or payment to the vendor. The
employee must handle any and all claims.

7. Competitive bidding is not required if the moving expenses are less than or equal to $10,000.

8. Competitive bidding is not required if the moving expenses exceed $10,000 and a University
Contracted Booking Agent is utilized.

9. Competitive bidding is required if the expenses exceed $10,000 and a Contracted Booking Agent is
not utilized. A minimum of three written estimates must be obtained by the new employee and a
written justification by the business office must accompany the estimates if the desired agent does
not have the lowest estimate. Please contact Procurement & Contracting Services (PACS)
https://pacs.arizona.edu/ for additional information, including a request for an exception to the bidding
requirement.

10. Moving allowances are subject to the terms consistent with the provisions outlined in this policy. If a
moving allowance was not documented in the offer letter, prepare a letter of justification and obtain
approval from the Senior Vice President for Academic Affairs and Provost or designee for employees
in academic units or the Senior Vice President for Business Affairs and Chief Financial Officer or
designee for employees in Business Affairs units.

11. Expenses of the employee and/or his/her household members, after arriving at the principal site of
employment, are the responsibility of the employee and are non-reimbursable.

12. Relocation expenses are not allowed on the University Purchasing Card (PCard).

Reimbursable Expenses

13. Original itemized receipts are required for reimbursement.

14. In-State relocations must meet the distance test (50 miles from the employee’s former home) and
must be reflected in the signed offer letter. The employee must be in a benefits-eligible employment
position and relocation expenses must occur within a year from the start of the new position.
15. Relocation of an existing employee is allowable in cases where the employee is reassigned and the relocation is in the best interest of the college/department. Based on the reporting structure of the unit, senior executive level approval is required and the relocation must meet University requirements:
   a. Distance – The distance between the employee’s new work location and the former residence must be at least fifty (50) miles greater than the distance between the employee’s old work location and the former residence.
   b. Time – The employee must work full-time at least thirty-nine (39) weeks during the first twelve (12) months after relocating.

Relocation expenses paid directly to and/or on behalf of an employee may include, but are not limited to the following:

16. The cost of the most economical one-way airfare available for each household member.

17. For employees and household members traveling by vehicle the cost(s) of driving the most direct route between the previous residence and the new permanent residence. Mileage is reimbursed at the current rate approved for University travel or actual costs are reimbursed with original itemized receipts such as gas, oil, parking and bridge/road tolls. General vehicle repairs and maintenance, insurance and depreciation are not allowed.

18. Lodging for actual reasonable expenses for room and tax incurred while using the most direct route between the previous residence and the new permanent residence, including the day of arrival.

19. Meals may be reimbursed based on the actual expenses incurred during the most direct route between the previous residence and the new permanent residence. Meals must be substantiated with original itemized detailed receipts and must not include alcoholic beverages.

20. If an individual is required to begin University employment prior to the relocation of his/her household members, the employee may be allowed reimbursement for either:

   The cost of a round-trip airline ticket at the most economical airfare available,  
   OR
   The costs of traveling by vehicle as defined above in addition to one-way relocation expenses for his/her household members.

21. The cost of moving household goods and reasonable costs associated with moving household pets.

22. The cost of insurance of household goods, not to exceed the full replacement value.

23. Packing of household goods and appliance disconnects and hookups.

24. Storage of household goods and personal effects within any consecutive 30-day period after they are moved from the previous residence and before they are delivered to the new residence.

**Funding Restrictions**

**Sponsored Project Accounts:** Contact Sponsored Projects and Contracting Services (SPCS), as many funding agencies do not allow relocation costs as direct charges to the sponsored project account. The funding agencies that do allow relocation charges have specific requirements that must be met for the charges to be allocable.

**State Accounts:** Relocation expenses may NOT be paid from state appropriated funds if the relocation is from outside the State of Arizona.
Questions regarding relocation funding sources should be directed to the department’s Financial Services Office Fund accountant or Sponsored Projects and Contracting Services Fund Accountant for SPCS accounts.

**Procedures**

**Offer Letter**

1. An offer letter should be prepared utilizing the applicable University Offer Letter template located on the [Human Resources forms website](http://humanresources.arizona.edu/forms).

2. Within the offer letter, it is recommended to include agreed upon terms of repayment to the University should the employee terminate employment prior to a specific length of service designated by the department.

3. Procedures for the competitive bid process, obtaining required estimates and establishing a purchase order for the moving company are located at: [http://pacs.arizona.edu/moving_agreements](http://pacs.arizona.edu/moving_agreements).

4. Changes made to a signed offer letter must be documented via a “Memo of Exception” and should include the following:
   a. New employee name / Employee ID (EMPLID).
   b. Reason for adjustment or change in offer letter.
   c. Employee start date.
   d. Copy of the initial offer letter.
   e. The “Memo of Exception” must be included in the Disbursement Voucher (DV) supporting documentation for the expenditure or may be attached within the DV Notes and Attachments tab. The DV must be routed for senior executive level approval based on the reporting structure of the unit. The Office of the Provost for academic units and other units that report to this area, or to the Senior Vice President for Business Affairs, and Chief Financial Officer for employees in Business Affairs units.

**Requesting Expense Reimbursement**

5. Compile all original itemized receipts.

6. Initiate a DV in UAccess Financials with the payment reason code of M = Moving Expense utilizing the appropriate account and object code 5580 in-state moving expenses or 5581 out-of-state moving expense.

7. Retain the original signed offer letter in the department and make a copy for the financial record. When required, the department is responsible for supplying the original signed offer letter as needed.

8. Print the DV cover sheet and attach all supporting documentation including, but not limited to the following:
   a. Original itemized receipt(s) totaling the amount of the reimbursement.
   b. Proof of payment, if paid status is unclear from the receipt.
   c. Copy of signed offer letter indicating moving allowance was approved and accepted.
   d. [Google Maps](http://maps.google.com), [MapQuest](http://www.mapquest.com) or odometer reading if mileage claimed.
   e. Proof of payment for flights, with an itinerary if available.
   f. If the employee is required to maintain an original receipt, the original must be submitted and a note placed on the receipt indicating return original. Upon processing the DV, Accounts Payable will stamp the receipt “FSO-Original” and place a copy in the official record for audit purposes and return the original to the business unit to provide to the employee.
9. Upon approval of the reimbursement/payment to the moving company, Accounts Payable will initiate an email to the employee and fiscal officer approver detailing taxable impact. If any discrepancies are identified, the employee and/or business office should notify Accounts Payable immediately.

10. Upon disbursement of funds or employment with the University, Accounts Payable will initiate a Payment Request in UAccess Employee recording the reimbursement and/or payment for moving expenses. Taxation may be split over four consecutive pay period(s) however, taxation must occur within the same calendar year expenses were incurred. As a result, taxation may take place over less than four pay periods.

11. All relocation reimbursements and payments made on behalf of the employee, will be reported as taxable income annually by the University to the IRS on the employee’s W-2.

Questions regarding the moving expenses should be directed to FSO Accounts Payable at 520.621.9097 or accts_pay@fso.arizona.edu

Frequently Asked Questions

1. What items are considered personal in nature and unallowable in relation to moving expenses?

   The University considers personal expenses incurred during the move as unallowable and therefore not eligible for reimbursement. Examples of personal expenses include but are not limited to: daycare, meals after arrival, sightseeing while in route, realtor fees or lease buy-outs, personal care items, vehicle repairs or modifications such as a tow bar or luggage rack, and vehicle insurance.

2. May a new employee receive reimbursement prior to being established in UAccess Employee?

   The business office may establish the new employee as a vendor in UAccess Financials to initiate payment of partial expenses. Upon commencement of employment status the vendor record will be inactivated by Accounts Payable and all future reimbursements will be processed under the EMPLID within UAccess Financials.

3. What is considered a “reasonable” moving expense that the University will reimburse?

   A moving expense is considered reimbursable when allowable under University policy and reflects the actions of a prudent person under the circumstances. Further details on reasonable expenditure are located in 9.10 Requisitions/Reimbursements.

4. Are expenses for moving office or laboratory equipment covered under this policy?

   Business moving expenses most commonly involve moving laboratory or office equipment from an employee’s former university to the University of Arizona. Expenses for moving office and laboratory equipment to be used in the employee’s place of work are separate from the dollar amount offered to the employee to support moving their personal household. Payments should follow the normal process for business expenses. Refer to in Policy 9.10 Requisitions/Reimbursements.

Related Information:

Senior Vice President for Academic Affairs and Provost
Senior Vice President for Business Affairs
UAccess Learning
Human Resources Offer Letter
Procurement and Contracting Services
Google Maps
MapQuest
Financial Services Manual
Tax Cuts and Jobs Act (Public Law PL 115-97)