



EMPLOYEE RELATIONS

RELOCATION AND MOVING EXPENSE FOR NEW EMPLOYEES

POLICY STATEMENT

Relocation and moving expenses for deans and administrative staff (at the Director level and above) may be provided *up to \$5,000 and only as included in the original written offer of employment.*

REASON FOR POLICY

This policy outlines guidelines for reimbursement of relocation expenses in accordance with established Savannah State University policies and procedures, the University System of Georgia Board of Regents policies and procedures, the State of Georgia code, Internal Revenue Code provisions and Internal Revenue Service (IRS) regulations for reimbursement to employees for relocation and moving expenses and payment of relocation related expenses directly to vendors. Regulations, limitations, and required approvals are described in this policy.

ENTITIES AFFECTED

All units of Savannah State University are affected by this policy. Hiring Departments/Deans/Schools, Human Resources, and the Comptroller's Offices have specific roles under this policy.

RELATED DOCUMENTS

http://www.usg.edu/business_procedures_manual/ University System of Georgia Procedures Manual, 5.0 Payroll, Section 5.3.7 Relocation Expenses
Relocation & Moving Expense Agreement (Attachment A)
Request for Reimbursement of Relocation Expenses (Attachment B)

TERMS DEFINED

Accountable Plan – Under IRS guidelines, an Accountable Plan is one in which an employer's reimbursement policy meets the following criteria:

1. Expenses paid or incurred must have a business connection
2. Employees must adequate account for expenses within a reasonable period of time (60 days) after they were paid or incurred
3. Any excess reimbursement or allowance must be returned within a reasonable period of time

Director – Director includes professional administrative staff over large departments with a high level of direct reports and administrative authority that is critical to University administration. (Director level positions that qualify for relocation expenses must be identified and *preapproved* by the President and Vice President of Financial & Business Affairs *prior to the offer of employment.*) Levels above that of Director do not require preapproval, but are limited to the other terms of this policy.

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.

Original Written 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 Original Written Offer is part of the documentation package sent to Human Resources to establish the position, and is, in turn, forwarded to Accounts Payable along with the authorized Relocation and Moving Expense Agreement before any funds may be disbursed to either a vendor or the individual.

Moving – Actions to change a place of primary or permanent residence.

Moving Expenses – Expenditures for transporting the employee, members of employee's household, household goods or personal effects from the former residence to the new residence.

Nonqualified Moving Expenses – Mileage in excess of the current rate per mile, meals consumed while moving or living in temporary housing, and house-hunting trips. (Reference the Request for Reimbursement of Relocation Expenses). These expenses may be reimbursed to the employee according to the limits established by policy, but have a personal tax consequence for the employee and will be accounted for accordingly. These reimbursements are subject to withholding and will be reported on the employee's W-2 as income.

Non-Reimbursable Moving Expenses – Expenses not specifically allowed in this policy.

Personal Residence – A house, condominium, townhouse or rental property (e.g. apartment) where the employee's primary household is maintained on a permanent basis.

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

Qualified Moving Expenses – Expenses associated with packing, loading, hauling, insuring or temporarily storing property (no more than 30 days), unpacking, transportation and lodging during the move (excludes meals), and mileage at the rate specified per mile during the move from one primary household to another primary household.

Relocation – The process of assigning, establishing, and/or settling in a particular place for employment purposes.

Relocation Expenses – Expenditures other than moving expenses incurred in the process of relocating the employee and the household.

Relocation and Moving Expense Agreement – An agreement to repay moving and relocation expenses if the employee does not remain in the employment of the University from the first day in the new position until twelve (12) months thereafter. The agreement is expected to be made at the time of offering the position and then signed **prior** to an employee incurring expenses and not later than 10 working days after employment begins. This Agreement must also note the funding source to be used as authorized by the hiring manager to reimburse employee (fund or from indirect costs).

Request for Reimbursement of Relocation Expenses – A form submitted to the Comptroller's Office along with supporting documentation and appropriate authorization (employee and department head) for reimbursement to the employee or to pay a vendor. Separate requests must be filed for each employee or vendor request (a request must be filed for each payee).

Temporary Housing – Lodging or housing in which the employee lives until a permanent residence is secured. Temporary lodging 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 GUIDELINES:

I. Overview

Relocation and moving expenses for newly hired deans and administrative staff (at the Director level and above) of the University in a regular full-time position may be provided if included in the offer up to a maximum of \$5,000 from fund or indirect cost. The appropriate vice president must approve the Relocation and Moving Expense Agreement. Payment or reimbursement of personal relocation and moving expenses is not allowed for existing employees.

II. Original Written Offer

Savannah State University is only permitted to pay relocation expenses of a specific amount that is set out in the **original written offer** of employment. “Original written offer” is emphasized because any post-offer negotiated amounts will be considered a violation of the Gratuities clause of the Constitution of the State of Georgia (BOR BPM, Payroll, section 5.3.7).

III. Taxing Reimbursement

Individuals receiving the benefit of relocation and moving expenses should be aware of any personal income tax implications and should consult a tax professional with personal tax questions. Reimbursement of 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, and, as such, is reported on the annual W-2.

IV. Guidelines for Reimbursement

Relocation and moving expenses being reimbursed may be for deans and administrative staff (at the Director level and above) of the University in a regular full-time position. The appropriate vice president must approve the Employment Relocation Agreement.

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

1. **Availability of Qualified Applicants.** The University must ascertain that the new employee is the best qualified applicant available for the position.
2. **Full-time position.** The employee must be assigned to a full-time, salaried position at the dean or director (for administrative staff) level or above and must have agreed to work on a full-time basis for at least one year.
3. **At Employer’s Request.** The moving and relocation must be at the request of the College or Division and for the good 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.
4. **Offer of employment.** The total relocation expense (not to exceed \$5,000) must be included in the offer of employment along with the salary and start date of the employee.
5. **Relocation and Moving Expense Agreement.** The employee must be sent a copy of this agreement between his/herself and the University along with the offer of employment letter. The original agreement should be signed by the employee and all other parties within the first 10 working days of employment

and no expenses will be eligible for reimbursement until completed original form is properly executed and received by the office of Human Resources. Human Resources will assure that copies of both the Employee agreement and the related offer letter are forwarded to the Accounts Payable to establish disbursement authorization.

6. **Distance.** The IRS regulations state that 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 former residence. The employee's commuting distance must have increased by at least 50 miles one way.
7. **Time.** The employee must be reasonably expected to work on a full-time regular basis for the University for at least 1 year, commencing on the date that the employee starts work on a regular basis at the new location. The IRS regulations state that *unless the employee works full-time at least thirty-nine (39) weeks during the first twelve (12) months after relocating, then all moving and relocation payments/reimbursements will be considered as taxable income.*
8. If the *employee's spouse or partner* is a State employee and is otherwise eligible for moving and relocation expenses through the University or other State of Georgia agency, reimbursements of any moving or relocation expenses will be paid only once to move the primary household to the new location.
9. Relocation for current employees is NOT allowed.

V. Reimbursable Expenses

A. Qualified reimbursable expenses (not subject to tax withholding)

1. Commercial moving company
2. Charges for packing, crating, mailing and/or shipping household goods (third party provider); and other miscellaneous packing supplies
3. Optional insurance on items such as furniture, clothing, and utensils
4. Rental truck and the related fuel for self-moves
5. In-transit storage for up to 30 consecutive days
6. Travel and lodging costs for one trip (employee and family) from old residence to the new residence (final move), which may include:
 - a. Travel by personal vehicle based on state mileage rate
 - b. Lodging in transit, not to exceed \$100 per night plus tax
 - c. Airfare (coach only)
 - d. Rental car (economy only) and fuel
 - e. Tolls, parking, shuttle or taxi service

B. Non-qualified reimbursable expenses (subject to tax withholding)

1. Travel and lodging costs incurred during additional trips from old residence to new residence.
2. Cost of meals at any point in the primary move process or during one house hunting trip. The University will only reimburse meals based upon actual receipts and the maximum amount is \$35.00 per day adult

and \$17.50 for children under the age of 12. Meal receipts are required. The reimbursement of alcohol is prohibited.

3. House hunting expenses (one trip, not to exceed five days) may include:
 - a) Actual gas cost, based upon receipts or State Travel Regulations current rate for personal or rental vehicles.
 - b) Lodging not to exceed \$100 per night plus tax
 - c) Airfare (coach only)
 - d) Rental car (compact only)
 - e) Tolls, parking, shuttle or taxi service
4. Temporary housing (maximum of 3 months)

VI. 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. Alcohol
4. Expenses incurred by persons not considered to be dependents for tax purposes
5. Utility and telephone installation
6. Loss of security deposits
7. Real estate expenses
8. Postage costs for realty and mortgage documents
9. Personal telephone calls, tips, movies, or other entertainment
10. Extraordinary items requiring special handling (e.g. boats)
11. Bank fee for cashier's checks
12. Such other claimed expenses not specifically mentioned above.

VII. Payment of Moving and Relocation Expenses

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. The employee must complete a Request for Reimbursement of Relocation Expenses with appropriate support attached and forward to Accounts Payable for processing. If the vendor is to be paid directly, a copy of the vendor's estimate should be sent to the Purchasing Department as soon as possible so that a Purchase Order may be

sent from the University (not to exceed State bid requirement of \$5,000). Invoices on Purchase Orders must be sent directly to Accounts Payable for processing payment directly to the vendor.

Reimbursement for qualified moving expenses may be excluded from taxable income if distance conditions are met. Both Qualified and Nonqualified expenses are reimbursed through the Request for Reimbursement of Relocation Expenses.

For labor used during a self-move (from commercial moving company or other business), reimbursement is limited to a reasonable hourly wage with a maximum total of \$500. Labor provided by the employee or the employee's immediate family member(s) is not reimbursable. A receipt from the business employed to provide labor, with signature and tax identification number, and amount paid (calculated generally by hour or load amounts) must be attached to the reimbursement request.

VIII. Actual or "Final Move" to New Job Location

Travel relating to relocation is eligible for reimbursement for on the trip to bring the employee (and household members if applicable) to the new residence. Household members are not required to travel together or at the same time. When the employee and household are traveling to the new home, expenses for in-transit meals and lodging will be reimbursed. However, reimbursement for in-transit meals is subject to tax withholding. Reimbursement for in-transit lodging is not subject to tax withholding. Transportation expenses also include parking, tolls, and mileage at the stipulated rate (USG System rate utilized). Limits on lodging rates imposed by State Travel Regulations and University travel policy are applicable to meal and hotel expenses during travel.

IX. Payment of Expenses for House Hunting Trips

House hunting expenses, such as airline costs, hotels, or auto rental agencies are paid only through reimbursement process. This is taxable income.

X. Relocation and Moving Expense Agreement

Any employee to be reimbursed for moving and relocation expenses must accept and execute a Relocation and Moving Expense Agreement with the University. The employee must be sent a copy of this agreement between his/herself and the University along with the offer of employment letter. The original agreement must be signed by the employee, Department Head or Dean, and the Vice President. The agreement must be authorized within the first 10 working days of employment and no expenses will be eligible for reimbursement until completed original form is properly executed and received by the Comptroller's Office from the Office of Human Resources. The agreement will specify that:

1. The employee must remain employed on a regular, full-time basis for at least one year (twelve months), commencing on the date that the employee starts work at the University. If the employee fails to remain employed for the obligated one year of service, the *hiring department* is required to immediately notify Human Resources, who, in turn, will authorize a payroll deduction based on this policy.
2. If the employee discontinues University employment 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 the employee and any payments to third parties on the employee's behalf, plus taxes deducted that relate to those payments. The employee will be expected to reimburse the University in full if employment is discontinued within the first three months of the agreement. After the first three months, the amount to be repaid will be prorated on a monthly basis such that for each full month during which the employee remains in the employ of the University, the amount to be repaid will be reduced by one-twelfth (1/12) of the gross reimbursement.

3. If payroll deduction of these expenses cannot be achieved, the employee will refund to the University the gross amount of moving and relocation reimbursed directly to the employee as well as the gross amount of any payments made for the benefit of the employee to third parties. The hiring department is responsible for collecting any refund from the employee which cannot be deducted in payroll processing before the employee leaves. Unsuccessful efforts to collect the refund by the time the employee leaves will be reported promptly to the Comptroller's office and be recorded as a University Accounts Receivable, subject to further collection efforts including referral to an outside collection agency. Refunds collected through payroll deduction or directly from the employee will be returned to the original funding sources. Failure to repay these expenses as agreed due to the breach of contract may result in legal action to recover money being taken against the employee. As part of this agreement, the employee agrees to pay all collection costs including attorney fees and other charges necessary for the collection of any amount still due to the University.
4. Repayment of relocation and moving expenses by employees who do not remain employed for full year may be *waived* if the University employment is terminated for reasons beyond the employee's control and found acceptable to the University (unless grant funds are used to support these costs). Any such waiver must provide documentation regarding the reasons why the employee is leaving and recommendation signed by both the hiring department manager and the related Vice President. Any such waiver must be approved in writing by the President and *kept on record in the Comptroller's office for auditing purposes.*
5. The IRS requires employees to work full time for at least thirty-nine (39) weeks during the first twelve (12) months after relocating in order to claim appropriate payments/reimbursements as non-taxable. Failure to meet this rule results in the employee's obligation to report all relocation payments/reimbursements in taxable income.

XI. Reimbursement Rules and Guidelines

Payments for reimbursable moving and relocation expenses and related taxes, if any, must be funded from the budget of the University department during the hiring. Departments may request the use of indirect cost funds, if funding is not available in departmental budgets. Such request must be approved by the Vice President of the respective Division.

The maximum dollar amount for moving and relocation reimbursement from state, fund, or indirect funds is \$5,000. Since expense accounts are open for public examination, discretion is advised at all times when incurring and reporting expenditures of public funds. University employees and management should take necessary steps to ensure that all reimbursements are thoroughly documented and reviewed in every case.

XII. Employee Responsibilities

To be eligible for reimbursement, expenditures must be reasonable, necessary, and incurred after the employee executes a Relocation and Moving Expenses Agreement.

Unless otherwise specified, all expenses submitted for reimbursement must be within University guidelines as stated below. Individuals receiving the benefit of relocation and moving expenses should be aware of any personal income tax implications and should consult a tax professional with personal tax questions. Each employee eligible for moving and relocation expense reimbursements is responsible for:

- Ensuring that relocation expense (not to exceed \$5,000) is negotiated before accepting employment and is included in the original written offer received.
- Complete the Relocation and Moving Expense Agreement, including obtaining all authorizations, and forward to the Human Resources Department within 10 working days of employment and before incurring any costs to be reimbursed.
- Complete Request for Reimbursement of Relocation Expenses form to submit with supporting documentation to Comptroller's Office, Accounts Payable, for processing.
- Obtaining original receipts and other documents that are necessary to support all claims for reimbursement.
- In accordance with IRS guidelines, receipts must be submitted within sixty (60) days of completion of the move to be considered qualified, non-taxable moving expenses. (In this case the submission date is the time that the request reaches Accounts Payable and is FULLY documented and authorized.) Expenses submitted for reimbursement after (60) days are considered taxable income. *Expenses submitted more than ninety (90) days after the completion of the move may not be refunded by the University.*
- Remaining an employee of the University for a period of at least one year. Otherwise the repayment of all or a portion of the moving expenses must be made in accordance with the Relocation and Moving Expense Agreement signed by the employee.
- Consulting with a tax professional with regard to any tax implications.

XIII. University Responsibilities

The University responsibilities are located in several offices as follows:

A. The Hiring Department/College

- Enters into an agreement to reimburse moving and relocation expenses and is responsible for ensuring that all the requirements of this policy are followed, particularly as it relates to the inclusion in the original written offer.
- Ensures that the Relocation and Moving Expense Agreement is sent to employee along with written offer, and is executed in a timely manner (10 working days) after the employee begins work and before expenses are incurred by the employee.
- Is responsible in notifying the Human Resources department *as soon as aware* that the employee will not meet the terms of the Relocation and Moving Expense Agreement (employment terminates before the twelve months).

- Following up to ensure that all funds are remitted to the University in the event that the employee defaults the terms of the Relocation and Moving Expense Agreement.
- Works with employee and ensures that the Request for Reimbursement of Relocation Expenses is properly completed and supported. Department Head over the employee must sign and date every request after reviewing for appropriate documentation.

B. Human Resources

- Receives the original written offer letter and ensures that a copy of those letters including relocation expenses are forwarded to the Office of the Comptroller along with the Relocation and Moving Expense Agreement to authorize reimbursement.
- Initiates repayment proceedings if the terms of the Employee Relocation Agreement are not met by authorizing payroll deduction for all funds due from the employee's remaining pay.

C. The Office of the Comptroller

a) Accounts Payable

- Retains copies of both the Original Written Offer and the Relocation and Moving Expense Agreement to establish documentation to support payments.
- Provides support and answers questions concerning this policy, with assistance from the Comptroller.
- Makes payments to common carriers (commercial moving companies) for actual carrier transportation when invoice is received. A requisition form must be previously submitted by the department/college to authorize a purchase order. (No other third-party payments will be made for moving and relocation expenses. The employee must make all other payments and submit a Request for Reimbursement of Relocation Expense form with appropriate documentation.)
- Reviews Requests for Reimbursement of Relocation Expenses in accordance with state and IRS guidelines, and reports Non-Qualified (taxable) amounts paid to payroll (providing documentation).

b) Payroll

- Determines additions to the individual's taxable income and nontaxable income payments to be reported to the Internal Revenue Service for payments made by the University.
- Includes the authorized amount of taxable moving and relocation expenses in the gross income and deducts applicable taxes.
- Reports the non-taxable amount of the reimbursement on the W-2 are required by the IRS but do not include it in gross income on the form.
- After payroll deduction authorization is received from Human Resources, obtains copies of records from Accounts Payable to determine amount to be deducted from employees that have violated the Relocation and Moving Expense Agreement.

D. General University Responsibilities

All relocation and moving expense documentation is open for public examination. University employees and management should take necessary steps to ensure that all reimbursements and payments are thoroughly documented and reviewed in each case.

XIV. POLICY VIOLATIONS

Generally, policy violations should be reported to the Comptroller's Office regarding the processing of relocation and moving expenses. However, any major policy violations noted by the Comptroller's Office (or any other department) should be promptly identified to the Vice-President of Financial & Business Affairs, who will, in turn, inform the President and others as deemed necessary.

Policy Update Submitted July, 2010, Comptroller's Office
Policy Update Resubmitted, October, 2010, Comptroller's Office

Approved: _____
President

Date: _____