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To: CSU Presidents

From: Melissa L. Bard *Melissa L. Bard*
Vice Chancellor
Human Resources

Subject: Updated Moving and Relocation Policy and CSU Internal Procedures Governing Reimbursement for Moving and Relocation Expenses

Summary

The purpose of this memorandum is to implement updated systemwide policy guidelines for moving and relocation of individuals who change their place of residence due to the acceptance of a position with the California State University (CSU) under specified circumstances. Campuses are required to review and update their campus procedures to adhere to the guidelines set forth in this memorandum.

Those individuals that administer moving and relocation benefits should review the remainder of this policy memorandum for additional information.

Action Item

Campus must review and update campus moving and relocation guidelines.

Affected Employee Groups/Units

New hires or employees required to change their place of residence due to acceptance of a CSU position.

Background Information

The CSU Internal Procedures Governing Reimbursement for Moving and Relocation Expenses (Attachment A) provide for the reimbursement of actual, necessary and reasonable moving and relocation expenses under the following circumstances:

- Current employees – when required by the current appointing authority to change his/her place of residence because of a change in assignment, promotion or other reason related to the employee's duties deemed to be in the best interests of the CSU. The new primary job location must be at least 50 miles farther from the employee's former home than the old primary job location.
- Initial appointments – when an individual who has been offered a position within the CSU by an appointing authority and has accepted such appointment. This includes an employee of a CSU campus who accepts an ongoing assignment at another CSU campus. Moving and relocation expense reimbursements, including monetary thresholds, are authorized by the appointing authority at each campus for new appointees.

Distribution:

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- Temporary appointments – when a current CSU employee accepts a long-term temporary assignment offered by a CSU appointing authority other than his/her current appointing authority, he/she may receive a temporary relocation allowance. The employee's temporary job location must be at least 50 miles farther from the employee's permanent residence than the former job location. The employee serving in a temporary appointment must also maintain a permanent residence in the vicinity of the former job location for the duration of the temporary appointment.
- Temporary relocation allowances are at the discretion of the appointing authority and will be subject to taxation.

Not all new appointees or current CSU employees will be eligible for reimbursement of moving and relocation expenses. The decision by an appointing authority to offer moving and relocation expenses is discretionary and contingent upon the availability of funds. Please refer to the CSU Internal Procedures Governing Reimbursement for Moving and Relocation Expenses (Attachment A) for additional information.

Campuses are required to have in place their guidelines covering the reimbursement of moving and relocation expenses for authorized individuals. Campus guidelines shall include:

- Criteria in which a campus will authorize reimbursement of moving and relocation expenses (for example, the employee possesses specialized skills needed by the campus; the individual is currently located in a geographic location that makes commuting prohibitive; provides incentive for individual to accept position, etc.).
- At least two monetary thresholds that represent progressive levels of authority required for approval; Presidential approval must be required above the highest threshold. The President's designee, as established by the campus for each monetary range, must approve in writing all reimbursements that fall below the highest threshold.
 - For example, the campus establishes a threshold of \$5,000, below which approval by a designated manager such as a dean/director is required, and a second threshold of \$10,000. If authorized reimbursements fall between \$5,000 and \$10,000, vice-presidential approval is required, while Presidential approval is required for authorized reimbursements exceeding \$10,000.
- Written authorization to approve the amount of moving and relocation expenses provided to the individual prior to the move.
- Exceptions for all moving and relocation reimbursements shall be approved by the Chancellor for Chancellor's Office employee reimbursements or the campus President for campus employee reimbursements. Exceptions will result in taxable income to the employee.
- A monetary threshold for reimbursement of moving and relocation expenses. If authorized, moving and relocation expenses shall not exceed \$75,000. Exceptions to the \$75,000 cap shall be approved by the Chancellor for Executives and Chancellor's Office employee reimbursements. For campus employee reimbursements, the campus President shall approve exceptions to the \$75,000 cap and submit a written explanation to the Chancellor to justify the payment.
- Reimbursement for any tax liabilities ("grossing up") incurred by the employee as the result of receiving reimbursement for relocation expenses is prohibited.

Updated Policy Guidelines

As a reminder, the CSU Internal Procedures Governing Reimbursement for Moving and Relocation Expenses authorizes expenses that are subject to taxation for the employee. Any such reimbursement shall be documented, paid and reported in accord with established accounting practices and state and federal regulations.

The tax reform bill (H.R. 1, P.L. 115-97), which was enacted on December 22, 2017, included a change to the taxability of moving and relocation expenses. In 2017 and prior years, certain "qualified moving expenses" for new employees were excluded from gross income. As of January 1, 2018, all moving expenses paid or reimbursed by the CSU are taxable as wages to the recipient. The exclusion from gross income in Internal Revenue Code (IRC) 217, as well as the fringe benefit rule in 132(g), is suspended from 2018-2025 tax years. Additionally, the State Controller's Office released [Payroll Letter #18-003](#) relating to the taxability of moving and relocation expenses.

One other change made to these guidelines includes the clarification that the repayment of moving and relocation expenses refers to the employee's individual CSU campus not the CSU. To further clarify, if an employee does not continue his/her employment with a CSU campus and then is hired by a different CSU campus, depending on the timeframe stated in these guidelines, the employee shall repay the initial campus that had originally reimbursed him/her.

Additional information on tax changes relating to moving and relocation expenses will be provided in a forthcoming technical letter.

Questions regarding this policy may be directed to Human Resources Management at (562) 951-4411. This coded memorandum is also available on the Human Resources Management's Web site at: <https://cyou.calstate.edu/Policies/HRPolicies/Forms/Default.aspx>.

MLB/sw

Attachment

California State University
Internal Procedures Governing Reimbursement for
Moving and Relocation Expenses

100. Scope.

- A. Current employees. Whenever a current CSU employee is required by the current appointing authority to change his/her permanent place of residence because of a change in assignment, promotion or other reason related to the employee's duties deemed to be in the best interests of the CSU, such employee shall receive reimbursement for his/her actual, necessary and reasonable moving and relocation expenses. To qualify for reimbursement, the new primary job location must be at least 50 miles farther from the employee's former home than the old primary job location.

The appointing authority may authorize exceptions to this requirement in cases where it creates unusual and unavoidable hardship for employees.

- B. Initial appointments. An individual who has been offered a position within the CSU by an appointing authority and has accepted such appointment may receive reimbursement for his/her actual, necessary and reasonable moving and relocation expenses. This provision also applies to an employee of a CSU campus who accepts an ongoing assignment at another CSU campus. Moving and relocation expense reimbursements, including monetary thresholds, are authorized by the appointing authority at each campus for new appointees.
- C. Temporary appointments. A current CSU employee who accepts a long-term temporary assignment offered by a CSU appointing authority other than his/her current appointing authority may receive a temporary relocation allowance. To receive consideration for this allowance, the employee's temporary job location must be at least 50 miles farther from the employee's permanent residence than the former job location. (The appointing authority for the temporary assignment may authorize exceptions to this requirement in cases where it creates unusual and unavoidable hardship for temporary employees.) The temporary employee must also maintain a permanent residence in the vicinity of the former job location for the duration of the temporary appointment.

Temporary relocation allowances will not be automatically authorized for every temporary appointee meeting the requirements identified above. The determination of who is to receive such an allowance, and the amount of any such allowance, shall be made by the temporary appointing authority subject to the requirements of these procedures.

- D. Reimbursement of relocation expenses shall be payable from monies made available for such purpose by the appointing authority. In addition, relocation expenses incurred by newly-appointed Presidents shall be reimbursed by the appropriate campus.

101. Definitions.

For the purpose of these procedures, the following definitions will apply:

- A. "Appointing authority" shall mean the Chancellor or campus President, as appropriate.
- B. "Chancellor" and "President" shall include designees.
- C. "Campus" shall include the headquarters office as well as any one of the campuses of the CSU.
- D. "Household goods" means personal effects and items used or to be used in the employee's residence necessary for the maintenance of a household.
- E. "Long term temporary assignment" shall normally mean an assignment period of six months or more.
- F. "Employee" refers to either a current CSU employee or an individual who has been offered a position within the CSU by an authorized authority and has accepted such offer.

102. Reimbursement Expenses for Moving and Relocation.

Full or partial reimbursement, within budgetary constraints, may be allowed for the actual and necessary expenses incurred for packing, insurance, transportation, storage in transit (not to exceed 60 calendar days), and unpacking and installation of the employee's household goods at the new residence, when properly documented by itemized invoices and receipts. Should employees elect to move themselves, reimbursement for such moves may not exceed the costs that would have been incurred had a commercial firm been used.

An employee and spouse or domestic partner may be reimbursed for relocation travel expenses (defined as a one-way trip from the former residence to the general area of the new campus or other primary job location) in accordance with the CSU Travel Procedures, with the exception of mileage which is to be reimbursed at the federal standard mileage rate for moving expenses if approved by the Chancellor. When authorized, travel expenses for spouses or domestic partners will be reimbursed on the same basis as travel expenses for employees.

An employee and spouse or domestic partner may be reimbursed for actual lodging expenses, supported by an itemized receipt, plus meal and incidental expenses in accordance with Appendix D of the CSU Travel Procedures. When authorized, lodging, meal and incidental expenses for spouses or domestic partners will be reimbursed on the same basis as subsistence expenses for employees.

- A. Moving and relocation expenses shall not be paid for more than 60 days unless the appointing authority has determined in advance that the search for a new residence will result in unusual and unavoidable hardship for an employee and spouse or domestic partner and, therefore, has granted an exception.
- B. This reimbursement of expenses shall terminate immediately upon establishment of a permanent residence.

103. Procedure for Payment of Claims.

Itemized receipts or invoices verifying the actual costs and payment of a move shall be submitted directly by the employee to his/her appropriate appointing authority or designee.

If reimbursement is approved by the appointing authority, appropriate claim forms shall be submitted to the campus accounting office. The campus accounting office may reimburse the employee or carrier directly or submit the claim to the State Controller's Office for payment.

The appointing authority may contract directly with a carrier for moving and relocation services.

104. Reimbursement for Sale of Residence.

Whenever an employee is required to change assignment and designated place of work which requires the sale of a residence, the employee may be reimbursed for actual and necessary selling costs as determined by prevailing practices within the area of sale. Claims for reimbursement must be substantiated by the seller's closing escrow statement and other pertinent supportive documents. Actual and necessary selling costs may include:

- A. Brokerage commission;
- B. Title insurance;
- C. Escrow fees;
- D. Prepayment penalties;
- E. Taxes, charges and fees fixed by local authority required to consummate the sale of the residence; and
- F. Miscellaneous seller's costs customary to the area that may be reimbursed if determined appropriate by the appointing authority.

Actual and necessary selling costs will be reimbursed for that portion of the dwelling the employee actually occupies if the employee owns and resides in a multi-family dwelling.

Claims for the sale of a residence must be submitted within one year following the date the employee reports to the new work location designated by the appointing authority. An extension may be granted by the appointing authority upon receipt of evidence warranting such extension.

Reimbursement for sale of a residence that does not conform to these procedures may be granted when the appointing authority has determined that reimbursement is reasonable in light of the individual circumstance and that the employee will otherwise be subject to hardship by reason of the change of residence.

105. Settlement of a Lease.

Whenever an employee is required to change an officially designated place of work and such change requires the settlement of a lease on the employee's former residence, the employee may receive the actual and necessary cost of settlement of the unexpired lease of a maximum of one year.

Claims for settlement of a lease shall be documented and itemized and submitted to the appointing authority within six months following the new reporting date except that the appointing authority may grant an extension upon receipt of evidence warranting such extension prior to the expiration of the six-month period. Reimbursement shall not be allowed if the appointing authority determines that the employee knew or reasonably should have known that relocation was imminent before entering into a lease agreement.

106. Temporary Relocation Allowance.

A temporary relocation allowance to defer the cost of housing may be authorized for the duration of a temporary appointment as described in Section 100C. The allowance may be negotiated up to the maximum applicable federal per diem rate for the area. The allowance must conform with the procedures outlined in the CSU Travel Procedures. The full temporary relocation allowance paid to an employee as reimbursement must be supported by itemized receipts, lease agreement, or other documentation reflecting actual housing expenses. Reimbursement may be claimed by the employee, via the submission of appropriate receipts, no more frequently than once per month. Housing expenses for long-term temporary employees may also be paid directly by the temporary appointing authority, up to the maximum reimbursement level noted above.

107. Appointing Authority for Reimbursements.

The Chancellor or campus President shall approve, deny or grant exceptions for all moving and relocation reimbursements. The Chancellor or President may also authorize reimbursement for actual, necessary and reasonable relocation expenditures not identified in these procedures. Any such reimbursement shall be documented and paid in accord with established accounting practices and state and federal guidelines. Authorization from the Chancellor or President may not be delegated to a person in a position lower than the Principal Business Officer.

Reimbursement for any tax liabilities ("grossing up") incurred by the employee as the result of receiving reimbursement for relocation expenses is prohibited.

108. Repayment of Moving and Relocation Expenses Reimbursements.

If an employee whose moving or relocation expenses have been reimbursed does not continue his/her employment with a CSU campus or the Chancellor's Office for a period of at least two years (unless discontinuance of the employment was the result of death, disability or other similar unexpected cause beyond the control of the employee as determined by the appointing authority), the employee or appropriate representative shall repay the following percentage of the amount received for reimbursement for such moving and relocation expenses:

- A. 100% if employed less than 6 months.
- B. 75% if employed at least 6 months but less than 12 months.
- C. 50% if employed at least 12 months but less than 18 months.
- D. 25% if employed at least 18 months but less than 24 months.

This provision does not apply to temporary relocation allowances as described in Section 106.

109. Institution Responsibility.

Authorized moving and relocation expenses will result in taxable income to the employee pursuant to state and federal regulations.

The campus shall ensure that a copy of their campus procedures are given to the employee upon notice to the employee of an impending move.

110. Effect of Memorandum of Understanding on Internal Procedures.

Notwithstanding any other provision of these Internal Procedures, if a Memorandum of Understanding entered into pursuant to the Higher Education Employer-Employee Relations Act is in conflict with these provisions, the terms of the Memorandum of Understanding and not the provisions of the Internal Procedures shall govern as to those employees covered by the Memorandum of Understanding.