

Policy Title: Relocation Expense Reimbursement Policy

Policy Summary: Guidelines for Relocation Expense Reimbursement

Policy Category: Human Resources

Policy Owner: Human Resources

Policy Summary

An allowance for relocation expenses may be available for new or existing employees meeting certain eligibility requirements. Such relocation reimbursements are subject to taxation and reportable on the employee's IRS Form W-2 for the calendar year.

Purpose

The purpose of this policy is to provide guidance about the conditions under which relocation expenses incurred by new or existing employees may be reimbursed.

Scope

This policy may apply to full-time: (a) faculty; (b) staff in a position at a pay grade 14 or above; and (c) existing employees reassigned where relocation best serves the University.

Under certain circumstances, Visiting Assistant Professors (VAPs) may also be eligible for a limited relocation reimbursement. Typically, this policy would not otherwise apply to part-time, temporary employees of any classification or staff at a pay grade 13 or below, unless special circumstances apply.

Policy

General Applicability

The University may provide a relocation allowance when relocation is necessary for the following:

1. Faculty hired as tenure-track, consecutive term, and tenured term appointments;
2. Staff, whose position is graded 14 or above, and are hired on a continuing full-time basis for the period of at least one academic year;
3. Existing employees in cases where the employee is reassigned prompting a move and the relocation is in the best interest of the University;
4. If specified qualifications for positions not covered by number's 1-3, above require hiring from outside the Des Moines area, a request may be submitted to Human Resources for review of the request for a relocation allowance; or
5. Visiting Assistant Professors (VAPs), subject to the limitations noted below.

Relocation allowances should be offered only when the payment of part or all of relocation expenses is a significant factor in being able to attract a potential employee to the University, or in being able to attract an employee to accept a reassignment.

Reimbursement Amounts

The amount of the reimbursement can, and should, vary depending on the circumstances of the relocation and hiring negotiations. The University provides departments with an allotted allowance for relocation assistance up to \$3,000 for categories 1-4 and \$750 for category 5, above.

Departments may reimburse relocation expenses beyond the University's allotted allowance, when the circumstances warrant it (*e.g.*, the person is moving from a great distance), with review and approval of the applicable Dean/Director and Human Resources. Any amount reimbursed above the University's allotted allowance, is the financial responsibility of the department.

The relocation expense reimbursement may be equal to actual relocation expenses incurred or a lump sum payment as determined appropriate by the hiring department. If the department elects to reimburse for actual expenses, a maximum amount should be defined in the offer letter and the department is responsible for reviewing such receipts.

Negotiation, Requesting, and Documenting Relocation Allowances

The request and approval of a relocation allowance must be concluded prior to committing relocation allowance funds to the new employee or existing employee who may be reassigned and need to relocate. Eligible employees must accept employment with the University prior to receiving a relocation allowance.

For new hires, relocation allowances must be negotiated at the time a position is offered and must be included in the offer letter. Employees who are terminated or resign within their first 12 months of employment may be required to reimburse the University up to the full amount of their relocation allowance. Such repayment, if required, must be included in the offer letter.

The offer letter should be attached to the expense reimbursement request and should include language detailing the specified amount of compensation.

When a department requests a relocation reimbursement, they must identify which qualifying factor applies (see above numbers 1-5). If number 4 applies, an email from Human Resources will suffice as documentation that the request has been approved.

When a department requests a relocation reimbursement above the University's allotted allowance, an email from the applicable Dean/Director and Human Resources supporting the additional amount will suffice as documentation that the request has been approved. The Dean/Director is responsible for confirming that the Department has funds available to cover the amount that is over the University's allotted allowance.

Requests for relocation reimbursement are processed as they are received from the hiring department.

Hiring departments needing a Human Resources consultation can contact drakehr@drake.edu or directly contact the Executive Director, Human Resources.

Tax Implications

All relocation expense reimbursements constitute taxable income and will be reported as such on the employee's IRS Form W-2 for the calendar year. Applicable taxes will be withheld through payroll.

Last Review Date: March 2023

Effective Date: January 2006

Resources and Related University Policies:

- [IRS Tax Reform](#)