HRM-047

Provision of Moving and Relocation Assistance for Newly Hired Faculty or Staff

Effective Date Sunday, March 20, 2005

Status Final

Last Revised Tuesday, August 26, 2025

Policy Type University

Contact Office Solutions Center (UVA HR)

Oversight Executive
Vice President and Chief Human Resources Officer

Applies To Academic Division, the Medical Center, and the College at Wise.

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Reason for Policy

The University of Virginia is committed to recruiting and retaining high quality personnel by providing competitive benefits and compensation. In some instances, this may include providing equitable moving and relocation assistance to cover personal moving, relocation, and employment expenses. Additionally, the policy assists the University in complying with applicable Internal Revenue Service regulations regarding the tax treatment of moving and relocation expenses provided on behalf of employees.

Definition of Terms

Designated Hiring Official

Description

An individual who is authorized to extend a conditional offer of employment to individuals on behalf of the University. The president, vice presidents, academic deans of the University's schools, and the University librarian are designated hiring officials. Hiring authority may be delegated in writing by one of these individuals

with the approval of the president or the appropriate vice president.

Moving and Relocation Assistance

Description

Payment(s) made as a taxable benefit to or on behalf of an incoming employee to assist with their personal moving, relocation, and employment costs. This is intended to cover house-hunting costs; packing and transporting household goods, furnishings, and personal effects of the employee and members of the employee's household; and transportation and lodging for the employee and members of the employee's household while moving. The Moving and Relocation Assistance is the total amount authorized to be paid for the employee's relocation costs.

Household Goods

Description Furniture, appliances, and other items used for furnishing and maintaining a residence.

Personal Effects

Description

Privately owned personal property such as vehicles, clothing, household goods, books, etc., that are movable.

Signatory Authority

Description

The legal authority to bind the Rector and Visitors of the University of Virginia (including any division, school, department, or business unit thereof) in a contract with an external party.

Sponsored Program

Description

Any externally funded research, public service, or scholarly activity (including hosting or attending conferences) at the University that has a defined scope of work often including a set of specific programmatic objectives and/or deliverables, and line-item-based budget, providing the basis for sponsor expectations and awardee accountability (i.e., a reciprocal transfer of something of value). Sponsored programs are funded through grants, agreements, and contracts that include terms and conditions for the disposition of tangible properties and outcomes (e.g., equipment, records, specified technical reports, theses, or dissertations) or intangible properties and outcomes (e.g., rights in data, copyrights, and inventions). **Note:** The terms *sponsored program*, *sponsored project*, s*ponsored award*, and/or *sponsored activity* are often used interchangeably.

Policy Statement

Moving and relocation assistance may be provided to or on behalf of an individual who has been newly appointed to or hired for a full-time faculty or staff position (hereafter referred to as an *employee*) if authorized by the school/department/unit head or designated hiring official (hereafter referred to as *hiring official*) in accordance with this policy. Any amount provided to or on behalf of an employee for moving and relocation expenses is treated as taxable income in accordance with federal and state law.

The employee moving and relocation assistance does not apply to: (1) an individual hired into a temporary, wage, or student position; and (2) a situation involving the establishment or relocation of professional labs, libraries, supplies, and equipment of faculty and researchers. Such payments, if any, must be paid directly to suppliers through existing University purchasing and accounts payable processes.

(NOTE: This policy only applies to moving and relocation assistance and is not intended to cover or impact other hiring incentives (e.g., signing bonuses or deferred compensation) that may be offered to a new employee as part of a hiring package.)

1. **Moving and Relocation Assistance:**
   At the discretion of the school/department/unit head or designated hiring official, the University may (1) within one year of the employee's first day of employment at the University provide moving and relocation assistance to cover personal moving, relocation, and employment costs directly to the employee or (2) at their sole discretion and risk, elect to incur moving and relocation expenses on behalf of an employee as provided below.

   In determining the appropriate amount of the moving and relocation assistance, the hiring official should consider such factors, including but not limited to, the availability of qualified candidates, the skills and qualifications of the candidate, the difficulty of recruitment, and whether doing so provides incentive for the individual to accept the position.

   If moving and relocation assistance is provided, it must be:
   - Authorized in advance.
   - Directly related to the commencement of employment at UVA.
   - Documented in a Moving and Relocation Agreement with the employee and uploaded into the Human Resources Management System (HRMS).

   a. **Paid Directly to the Employee:**
      The moving and relocation assistance will be paid to the employee in one lump sum in the paycheck following the employee's first day of employment at the University or the paycheck following the uploading of the Moving & Relocation Agreement into the HRMS. The moving and relocation assistance will be reported as taxable income to the employee with appropriate federal and state taxes withheld.

      The moving and relocation assistance payment (net of required taxes withheld) is generally paid in the first paycheck after the employee's first day of employment at the University.

      i. **Access to the University's Moving and Relocation Service Contracts:**
         An incoming employee may, at their sole discretion, elect to access the University's negotiated service levels and rates with contracted third-party relocation and storage service suppliers. Use of these contracts is not required.

         The existence of these contracts does not constitute an endorsement of the supplier by the University; nor does the University make any representation that the negotiated rates are the best rates available. The employee is encouraged to use due diligence in selecting a moving and relocation company.

b. **Paid on Behalf of the Employee:**
A hiring department may elect to purchase moving and relocation services provided by a contracted supplier. In such cases, the department coordinates with the contracted suppler and new employee. The contracted supplier bills the University for relocation-related expenses, through standard University procurement process (see FIN-030: Purchasing Goods and Services). The department is responsible for review, approval, and payment of the expenses. There is no cash outlay to or by the employee at the time the expense is incurred (i.e., when the service is provided).

The incoming employee's manager (or designee) must report the total value of all expenditures made to a supplier on behalf of the employee in the HRMS (i.e., as non-cash, taxable compensation) (1) within one month of the employee's first day of employment at the University; or (2) within one month of the date the expense was incurred by the department for services provided after the employee's first day of employment at the University. Payroll Services will withhold applicable federal and state taxes from the employee's next paycheck(s).

Generally, moving and relocation assistance may be paid with any source of funds. However, additional restrictions may apply to the use of funds from Sponsored Programs (see RES-009: Proposal, Acceptance, and Management of Sponsored Programs). Where a difference exists between University and sponsor restrictions, the more restrictive will apply.

2. **Moving and Relocation Assistance Thresholds:**
The authorized moving and relocation assistance is determined for each prospective employee on a case-by-case basis. While there is no standard amount, employment negotiations should result in an equitable amount necessary to recruit the employee to UVA by giving due consideration to University budgetary and funding constraints.

The monetary threshold for moving and relocation assistance must not exceed $20,000. Additionally, the household move must be greater than 50 miles to qualify for this assistance.

a. **Exceptions:**
An exception may be made in the following instances:
- Moving and relocation assistance in excess of $20,000 and/or for a move of less than 50 miles requires prior approval by the Vice President and Chief Human Resources Officer or designee. The hiring school/department/unit is responsible for securing in advance the funding source(s) to support the authorized payment.
- Faculty members subject to time-limited appointments in residential locations (i.e., faculty members who are required to live on Grounds for a predetermined period of time and thereafter return to their local residence) will be eligible for moving and relocation assistance at the discretion of the appropriate school/department/unit head or designee. The school/department/unit is responsible for securing the funding source(s) to support the authorized payment.
- In cases where moving and relocation allowances are being paid by a grant or contract (Sponsored Program) and the provisions of the grant or contract place greater restrictions on the allowances for moving expenses than University policy as defined herein, such restrictions shall prevail.

3. **Dual Employment:**
If the employee's spouse is also an incoming University employee and otherwise eligible for moving and relocation assistance, expenses for the move of the primary household is paid to or provided on behalf of

one employee only.

4. **One-Year Employment Requirement:**
   The employee must remain employed on a full-time basis with the University for at least one year, beginning on the date that the employee starts their employment at UVA.

   For Sponsored Programs, if an employee resigns within the first 12 months of hire, the Office of Sponsored Programs (OSP) will remove all moving and relocation assistance costs charged to the federal or non-federal Sponsored Project for the employee.

   a. **Voluntary Termination of Employment:**
      If the employee voluntarily ends their employment with the University or engages in behavior that makes termination of employment necessary prior to the obligated one year of service, the employee must repay the University the prorated gross amount of the moving and relocation assistance, i.e., actual payments that were received by or paid on behalf of the employee. (This includes payments to third parties on the employee's behalf, plus all taxes deducted that relate to those payments.)

      The amount to be repaid is prorated on a monthly basis such that for each full month during which the employee remains in the employ of the hiring school/department/unit, the amount to be repaid is reduced by 1/12 of the gross reimbursement. For faculty appointed on an academic year basis, one year is defined as two concurrent regular academic sessions of fall and spring or spring and fall semesters equal to nine months of employment.

   b. **Repayment:**
      The school/department/unit must notify Payroll Services when the employee has left the University prior to fulfillment of the one-year requirement (see Procedures). If Payroll Services is unable to collect the amount owed, it must refer the debt to Financial Reporting and Operations to be processed in accordance with policy FIN-005: Extension and Collection of Credit.
   c. **Involuntary Termination of Employment:**
      Termination of employment as a result of layoff, disability separation, or for other reasons as determined by the Executive Vice President and Provost or Vice President and Chief Human Resources Officer (or respective designees) does not require repayment of the moving and relocation assistance.
5. **Funds from Sponsored Programs for Relocation Costs:**
   The use of funds from Sponsored Programs for relocation costs may be allowable under certain circumstances and subject to limitations. Relocation costs are defined in the OMB's Uniform Guidance, 2 CFR §200.464, as follows: "Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than twelve (12) months of an existing employee, or upon recruitment of a new employee. Eligible employees are current employees with a 100% full-time equivalent appointment or new hires who will be in a 100% full-time equivalent appointment."

   a. **Federal Awards:**
      Under the guidelines imposed by the OMB Uniform Guidance, relocation expenses may be considered allowable direct charges under certain circumstances, subject to limitations. The University considers relocation costs for new hires or existing employees to be allowable on Sponsored Projects if the position is "essential" and allocable to the performance of the award.

Eligibility is limited to research faculty and research associates.

A position is considered essential under these circumstances:

- When there is a need for a specialized individual with unique skills and expertise to complete the scope of work of the project.
- When there are no available faculty or staff currently employed by the University school/department/unit who could perform the same tasks.
- Graduate Research Assistants (GRAs) are generally not considered essential personnel, so direct charging of relocation costs to a Sponsored Project for a GRA is allowable only in exceptional cases.

Relocation costs are allowable on Sponsored Projects provided all the following conditions apply and subject to the ***Limitations on Allowability*** set out below:

- The move is for the benefit of the employer.
- Reimbursement to the employee is in accordance with an established written procedural statement consistently followed by the employer as set forth under the provisions of this policy.
- Reimbursement does not exceed the employee's actual expenses. Original receipts shall be retained at the school/department/unit level.
- International travel related to relocation on federally funded projects must adhere to the Fly America Act, 49 U.S.C. 40118, which requires federal travelers to use U.S. air carrier service for all air travel and cargo transportation services funded by the U.S. government (subject to certain exceptions).

Limitations on Allowability. Allowable relocation costs for current employees or new hires are limited to:

- Moving the employee’s household goods and personal effects, including in-transit or foreign-move storage expenses.
- Travel, including lodging but not meals, from the former residence to the new residence. This includes one night of lodging upon arrival at the new home destination. Subsequent nights of lodging are the responsibility of the employee. Alcohol may not be purchased with state funds.

For new hires, the relocation costs to be covered must be listed in the Offer Letter.

If the newly hired employee resigns within 12 months after hire for reasons within their control, all associated relocation costs must be removed from the Federal award and charged to a school/department/unit account. If the employee is terminated by the school/department/unit within 12 months, relocation costs can still be charged to the Sponsored Program.

If an existing employee or a new hire is being moved to an overseas location and have met the conditions set forth above for allowable relocations costs, the cost will be considered a travel expense in accordance with FIN-004: Travel, Meals, and Entertainment Expenses Incurred on Behalf of the University and schools/departments/units must adhere to the provisions of FIN-004.

Unallowable Costs. Costs not permitted include:

- Fees and other costs associated with acquiring a new home.
- A loss on the sale of a former home.
- Continued mortgage principal and interest payments on a home being sold.
- Income taxes paid by an employee related to reimbursed relocation costs.
- Vehicle tags and driver's license fees.
- Security deposits and utility hookup fees.

At Proposal. The relocation cost should be identified in the proposal budget justification document and justified as to why it is necessary and allocable to the performance of the award. Inclusion in the budget justification is intended to enable the sponsor to review and concur with the need for the cost. Written justification and/or approval is meant to prevent questions regarding the allowability of costs in the event of an audit.

After an Award is Funded. Not every cost can be anticipated at the time of proposal preparation. If an unbudgeted relocation cost is required after an award is funded, the school/department/unit can work directly with the Office of Sponsored Programs to properly document the cost (including any eligible charges paid by a new employee that would be reimbursed by the University with Sponsored Program funds). The documentation must be retained by the school/department/unit and available upon request. The purpose and benefit of charging the relocation costs to the specific program should be fully described in the justification and retained for future reference should the expenditure be questioned at a later date.

b. **Non-Federal Awards:**
Section 2 CFR 200.403(c) of the OMB Uniform Guidance requires that the University apply its policies and procedures uniformly to both federally financed and other activities of the University. Therefore, this Policy and related procedures are also applicable to non-Federal awards. The basic criteria for relocation costs are similar for non-Federal Sponsored Projects but it is also important to be familiar with the requirements or restrictions of each non-Federal sponsor. When allowed by the non-Federal sponsor, a written justification for the inclusion of relocation costs should be provided to explain why these are necessary to fulfill the research objective of the project and that the cost directly benefits the project being charged even when the non-Federal sponsor may follow more flexible spending guidelines.

6. **Notification Requirements:**
   a. **Appointment or Offer Letter:**
   The hiring official must include information regarding the taxability of the moving and relocation assistance to the prospective employee in the appointment/offer letter.
   b. **Moving and Relocation Agreement:**
   A Moving and Relocation Agreement must be executed and include:
      - Notification of the repayment provision as set forth in this policy.
      - A statement that failure to repay the moving and relocation assistance provided directly to the employee or to third parties on behalf of the employee may result in legal action being taken against the employee to recover such funds.
      - A provision wherein 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.

7. **Roles and Responsibilities:**
   School/Department/Unit Heads and ***Designated Hiring Officials*** are responsible for:
   - Deciding whether to offer moving and relocation assistance.

- Communicating information to the employee regarding taxability associated with the moving and relocation assistance through the appointment/offer letter.
- Identifying appropriate school/department/unit funds to cover the full cost of the moving and relocation assistance.
- Removing unallowable moving and relocation assistance costs from the Sponsored Project.
- Signing a Moving and Relocation Agreement with the employee and uploading the signed agreement into the HRMS for final approval by the UVA HR signatory authority.
- Submitting all moving and relocation assistance, whether cash or non-cash, through the HRMS to initiate payment (cash only) and tax withholding (cash and non-cash) by Payroll Services. (Moving and Relocation Agreements processed after the employee's first day of employment will be paid in the next payroll cycle.)
- Immediately notifying Payroll Services if the employee failed to remain employed for the obligated one year of service and the amount of the moving and relocation assistance that must be repaid.

The ***Office of Sponsored Programs*** is responsible for:

- Identifying allowable moving and relocation assistance costs in the proposal budget justification and explaining why such costs are necessary and allocable to the performance of the federal or non-federal award.
- Verifying all moving and relocation assistance costs meet the requirements of the U.S. Office of Management and Budget's Uniform Guidance, 2 CFR §200 et seq., other applicable sponsor requirements, and the provisions of this policy.
- Obtaining written sponsor approval for the inclusion of moving and relocation assistance.
- Providing guidance to Principal Investigators, Deans, Department Heads, and others as appropriate regarding transactions that would result in an unrecoverable direct cost charge to a Sponsored Program.
- Transferring unallowable moving and relocation assistance costs from a Sponsored Program.

University Human Resources is responsible for:

- Making recommendations to hiring officials as to whether or not to offer moving and relocation assistance and other considerations which may be unique to the individual employee.
- Approving the moving and relocation assistance.
- Communicating information regarding taxability of the moving and relocation assistance in the written offer letter for staff hires and include any conditions on the acceptance of the moving and relocation assistance (i.e., obligation to repay if a minimum term of service is not provided) such that by accepting the offer the employee explicitly agrees to the stipulated terms.
- Communicating information regarding taxability, term of service, and repayment of the moving and relocation assistance in the Moving Agreement for faculty appointments.
- Entering offered and accepted moving and relocation assistance if a fixed dollar amount has been provided into the HRMS so that it will be paid in the first paycheck after the employee's first day of employment at the University with all applicable taxes withheld, based on the employee's submitted W-4, Employee's Withholding Allowance Certificate.

Payroll Services is responsible for:

- Processing the moving and relocation assistance through the University payroll system as taxable additional pay using normal payroll procedures.
- Immediately instituting payroll deductions for moving and relocation assistance repayments due from the employee upon receipt of notification from the hiring school/department/unit that the employee failed to remain employed for the obligated one year of service.

- Referring a request to Central Accounts Receivable for collection when Payroll Services is unable to effect repayment of owed moving and relocation assistance through payroll deduction.
- Remitting all collected moving and relocation assistance repayments to original funding source(s).

8. **Compliance with Policy:**
   Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

   Direct questions about this policy to the Solutions Center (UVA HR).

Procedures

Moving and Relocation Agreement

Separation from Employment prior to Fulfillment of One-Year Obligation:
The school/department/unit notifies Payroll Services and the Office of Sponsored Programs (if relocation was charged to a Sponsored Program) via email indicating:

1. the employee did not meet the one-year of service requirement and
2. the amount of the Moving and Relocation Assistance to be repaid to the University.

Related Information

Moving and Relocation resources (University Human Resources)
University suppliers providing Relocation and Storage Services (Procurement Services)
FIN-004: Travel, Meals, and Entertainment Expenses Incurred on Behalf of the University
FIN-005: Extension and Collection of Credit

Policy Background

The *Tax Cuts and Job Act of 2017* (Pub. L. 115-97) eliminated deductions for qualified (non-taxable) relocation expenses effective January 1, 2018. All relocation expenses, whether previously deductible or not, are now taxable to an employee if reimbursed or paid on their behalf.

Major Category Human Resource Management

Next Scheduled Review Saturday, August 26, 2028

Revision History

Confirmed 8/26/25; Minor clarifications and added Section 5 3/1/22; Revised 9/3/19; Updated 1/19/18 to reflect change in tax law; Updated 5/18/17 (Contact Ofc), 4/20/12, 5/16/11, 8/2/10, 6/29/10; 2/18/08; 6/26/06.

Category Cross Reference
Finance and Business Operations

Supercedes Policy Text

FIN-013: Reimbursement of Moving & Relocation Expenses; VI.C.1 Moving Expenses; VI.C.2 Moving Expense Employment Agreement, Moving Expense Funding, Interview Expenses; VI.C.3 Moving Expense Reimbursement Limits; VI.C.4 Moving and Relocation Documentation, Moving Expense Reimbursement; VI.C.5 Moving Expense: Federal Tax Implications.

Approved By Policy Review Committee

Approved Date Wednesday, July 24, 2019