

Payment to Assist an Employee Incurring Moving and Relocation Expenses

PROCEDURE

PURPOSE

Authorize and process payments to assist an employee incurring moving and relocation expenses in order to accept a new position at UMB.

APPLICABILITY

Departments electing to offer payments for moving and relocation cost assistance to UMB employees eligible for such payments.

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INSTRUCTIONS

I. Scope

This Procedure (M & R Procedure) applies to using [UMB Funds](#) to make a payment (M & R Payment) to assist an [eligible employee](#) with moving and relocation expenses (M & R Expenses) for an [eligible move](#). When grant or contract funds are used to fund an M & R Payment, UMB will defer to the terms stated in the grant or contract agreement or applicable laws or regulations if those terms are more restrictive than UMB Policy or this M & R Procedure.

II. General Guidelines

- A. An offer of an M & R Payment is subject to the requirements, guidelines, and limitations described in [UMB Policy VIII – 16.00\(A\) Payment to Assist an Employee Incurring Moving and Relocation Expenses](#) (M & R Policy) and in this M & R Procedure.
- B. M & R Expenses are related to the costs associated with house-hunting, moving [household](#) goods and personal effects, and traveling to a new home. In addition to packing and moving, M & R Expenses include transportation, lodging, and meals en route to the new home. An M & R Payment is intended to assist with M & R Expenses, but is not required to be as great as estimated M & R Expenses or to cover all actual expenses incurred.
- C. Appropriate approvals must be obtained before offering an M & R Payment to a candidate.
1. An M & R Payment must be approved in writing as follows:
 - a. Less than \$10,000 – Dean/Vice President or designee
 - b. \$10,000 - \$14,999 – Dean/Vice President
 - c. \$15,000 or more – Chief Accountability Officer (CAO) for faculty employee or Chief Business and Finance Officer (CBFO) for staff employee
 2. Written approval of an M & R Payment offer for a [faculty](#) appointee must be provided by the Dean or the Dean’s designee.
 3. Written approval of an M & R Payment offer for a [staff](#) employee must be provided by an authorized administrator, as established by the [Department of Human Resource Services \(HRS\)](#).
 4. An offer of an M & R Payment to a Dean, Vice President or other officer reporting directly to the President must be approved by the President.
- D. The offer of an M & R Payment should be referenced and included with the candidate’s employment offer letter. The M & R Payment offer may not exceed the M & R Payment limits set by UMB or applicable, lower limits set by the School/Department.
- E. The hiring department must present a properly approved written offer of an [M & R Payment and a Moving and Relocation Payment Agreement](#) (M & R Payment Agreement) to a candidate prior to the candidate’s first day of employment. The M & R

Payment Agreement must be fully executed before it is submitted to Financial Services – Payroll (FS-PR) for issuance of the M & R Payment.

- F. An [M & R Payment](#) is intended to assist with costs incurred by an employee to relocate one household, one time. In order to qualify for an M & R Payment:
1. The employee must be an eligible employee as described in the [M & R Policy, Section on Eligible Employees; and](#)
 2. The move must be an eligible move, i.e., the employee must plan to relocate after a job offer is made but no later than one year after the Start Date stated in the M & R Payment Agreement. If circumstances require a delay in relocation, the employee may still qualify for the M & R Payment but must submit a detailed written justification for the delay in relocation and obtain written approval from the hiring department. (If such approval is not obtained, the M & R Payment must be refunded.)
 3. The M & R Payment must be reasonable.
 - a. An M & R Payment must be reasonable for an eligible move. Reasonableness depends upon many relevant factors, including distance, household size, packing services, and timing.
 - b. Deans and Vice Presidents may establish guidelines for determining an offer of an M & R Payment. The following table may be used as a guide to assist in determining offers. In addition to moving costs, expenses to consider include house-hunting expenses, lodging and meals en route during a move, specialized moving services, and time of year.

Distance	Estimate
Less than 500 miles	\$2,000 - \$4,000
501 – 1,000 miles	\$4,001 - \$6,000
More than 1,000 miles	\$6,001 - \$10,000

- c. An additional amount for fringe benefits is charged to the funding source when an M & R Payment is processed against that source. The fringe benefit rate is applied to the entire amount of the M & R Payment. Current fringe benefit rates are available on the [Financial Services Rates](#) web page. The applicable rate is the Legislated Benefit fringe rate.
4. In addition to an M & R Payment, a temporary housing allowance may be offered by the President to a new employee hired at the Dean/Vice President level or above if

the employee is delaying household relocation. The allowance is taxable compensation. Proof of rental of temporary housing must be provided to receive this allowance.

- G. Federal and state tax laws are applied to determine the tax treatment of an M & R Payment. Accordingly, an M & R Payment is included in the employee's taxable earnings and will be reported on the employee's W-2. A department should communicate to a recipient of an M & R Payment that it is taxable and that the associated tax withholding amount will be deducted from the employee's pay.
- H. In order to report an M & R Payment made with UMB funds on the employee's W-2, the M & R Payment must be processed through Financial Services – Payroll (FS-PR). Payments via transfer, journal entry, check payment, or any other method, to reimburse a third party payer (e.g. [affiliate](#), foundation, agency, institution) for M & R Expenses are not allowed.
- I. An M & R Payment is not considered salary, bonus, or compensation for UMB benefit purposes such as retirement.
- J. The amount of an M & R Payment offered to an employee is at the discretion of the school/department, based on reasonable estimates of moving and relocation expenses, and is subject to limits set by the CAO or CBFO or by School or department policy. The total M & R Payment must not exceed the maximum allowable amount approved by the school/department.
- K. **M & R Payment Limits**
 - 1. The maximum M & R Payment offered to an employee should be appropriate with respect to the salary, type of position, specialized skills, expectations of a candidate for an office or other leadership position at UMB, and funding availability.
 - 2. The CAO's approval is required for any M & R Payment offer to a faculty member equal to or greater than \$15,000. The CBFO's approval is required for any M & R Payment offer to a staff member equal to or greater than \$15,000.
 - 3. See [General Guidelines C.1](#) for approval requirements.
 - 4. Any M & R Expenses in excess of the M & R Payment identified in the employment offer letter will not be paid by UMB. If a department desires to increase the M & R Payment, a new fully executed employment offer letter and M & R Payment Agreement are required.

5. If M & R Expenses are less than the M & R Payment, the employee is not required to refund any part of the M & R Payment.

L. Funding an M & R Payment

1. The hiring department is responsible for funding any M & R Payment.
2. An M & R Payment should be charged to the project(s) most closely associated with the work that the employee will be doing in the first year of employment.
3. An M & R Payment can only be charged to a contract or grant if it is allowed by the sponsor. If the terms of the contract or grant are more restrictive than UMB policy, the terms of the contract or grant supersede UMB policy. Otherwise, the terms of the M & R Policy and this M & R Procedure apply.
4. An M & R Payment for an employee hired to work solely on grants or contracts cannot be charged to a state project.
5. If an employee is hired to work on a grant or contract that does not allow an M & R Payment, then any offered M & R Payment must be charged to a revolving project.
6. An M & R Payment can be charged to a state project only if the employee will be funded 75% or more by the state project.
7. If a faculty member receiving an M & R Payment will be employed secondarily by a UMB-affiliated organization in a faculty practice plan, that organization's funds may be transferred to a UMB account to support part or all of the M & R Payment. Alternatively, upon approval of the Dean or designee, part or all of the approved M & R Payment may be issued directly by the affiliated practice organization, which will be solely responsible for required tax reporting concerning its payment. UMB and practice organization payments for M & R Expenses may not exceed the total approved by UMB.

M. Documentation

A fully executed employment offer letter showing the approved M & R Payment and a fully executed M & R Payment Agreement are required before any M & R Payment can be issued to an employee.

1. An M & R Payment to an employee will typically be paid in the first regular paycheck generated after FS-PR has approved the payment. Partial payment of the M & R Payment is not allowed. Payment of M & R Expenses prior to the employee's start date is not

allowed. A request for an M & R Payment to the employee must include all of the following:

- a. A copy of the fully executed employment offer letter.
 - b. A copy of the fully executed M & R Payment Agreement.
 - c. A completed [Payroll Adjustment Form](#) (PAF).
 - d. If funds from contracts or grants are being used, a copy of the part of the funding agreement or terms referenced in the funding agreement that shows the M & R Payment is an allowable expense. The relevant section of the funding agreement, together with the first page and the signature page, normally is sufficient.
 - e. Grant or contract terms supersede UMB policy whenever the terms of the grant or contract are more restrictive than UMB policy as to the use of funds for an M & R Payment.
2. M & R Payment requests that are not adequately documented will not be processed. Departments are prohibited from directly paying M & R Expenses to an employee or on behalf of an employee. Each M & R Payment must be processed through FS-PR.

N. Approval of M & R Payment

1. It is the responsibility of each employee/department to obtain the appropriate approval for each M & R Payment. See [General Guidelines C.1](#).
2. An approver is only authorized to approve an M & R Payment that is allowable under the M & R Policy and this M & R Procedure.
3. Approvers have the authority to reject any portion of an M & R Payment request at their discretion.

O. Questions?

For policy or procedure questions, contact the Policy Manager at 410-706-4439.

For payroll processing questions, contact the FS-PR Manager at 410-706-6958.

III. Procedures

A. An M & R Payment is processed through FS-PR via a Payroll Adjustment Form (PAF).

1. The person initiating a request for an M & R Payment should complete the PAF.
2. Attach a copy of the M & R Payment Agreement and a copy of the employment offer letter to the PAF. Deliver the PAF and supporting documentation to:

Financial Services – Payroll
The Saratoga Building
220 Arch Street, Room 02-122
Baltimore, MD 21201
410-706-1243
dl-bfpayrollhelp@umaryland.edu

3. Use Account Code 2160 – Moving and Relocation Expenses.

B. Confirmation of Relocation

1. Within one calendar year of the employee's Start Date stated in the M & R Payment Agreement, the employee must submit evidence of relocation. The employee is required to complete the [Affidavit of Relocation for Employment](#) and submit the form to the hiring department. If the employee does not know the hiring department, the employee should contact his or her supervisor.
2. It is recommended that the hiring department establish a system for reminding employees to submit confirmation.
3. Failure to submit confirmation will result in repayment proceedings against the employee, except as provided in C.3 below.

C. Repayment

1. An M & R Payment is offered with the expectation that the employee will be employed for at least one year. An employee who has received an M & R Payment will be required to refund it if any of the following occurs before the employee completes one year of service in the position held upon appointment:

- a. The employee requests and receives a transfer to another department or requests and receives an employment status change (e.g. reduced hours, position change).
 - b. The employee voluntarily leaves UMB employment.
 - c. The employee is terminated for cause.
2. An employee who leaves UMB prior to fulfilling the year requirement due to death, disability or layoff, will not be required to repay the M & R Payment.
 3. Exceptions to the repayment requirement may be granted if there are reasons for termination beyond the employee's control that are acceptable to the CBFO (or designee).
 4. An employee or former employee obligated to repay an M & R Payment must do so within 30 days of written notification from UMB that the amount is due. Failure to repay the amount will result in the implementation of standard collection procedures which include referring the account to the Maryland State Central Collection Unit in accordance with [UMB Policy VIII 99.02 Compensation Overpayment and Recovery](#) and [Financial Services Procedure 3315 Compensation Overpayment and Recovery](#).

IV. Responsibilities

A. Individual Receiving an M & R Payment

Submit required proof of move as described in [Section III-B – Confirmation of Relocation](#).

B. Schools/Departments

1. Ensure each offer of an M & R Payment is appropriate and in compliance with the UMB M & R Policy and this M & R Procedure.
2. Designate appropriate personnel with authority to approve offers of M & R Payment.
3. Use authority to limit the amount of an M & R Payment based on the availability of funds, availability of lower cost alternatives, specific requirements of funding sources, or reasonableness of estimated expenses and requested M & R Payment.

4. Ensure adequate funding is available for the M & R Payment and associated fringe benefit charges.
5. Ensure the employment offer letter is approved by the appropriate UMB personnel and signed by the employee.
6. Ensure the M & R Payment Agreement is approved by the [person with fiscal authority](#) over the funds in accordance with [UMB Policy VIII- 14.00\(A\) Approval, Payment and Reimbursement of Personal Business Related Expenses of UMB Employees](#).
7. Ensure the individual receiving the M & R Payment is an [eligible employee](#) and remains eligible for the purpose of receiving an M & R Payment. Contact the FS-PR Manager if the employee does not remain eligible for the purpose of receiving the M & R Payment.
8. Report to the FS-PR Manager any employee who received an M & R Payment who is subsequently required to repay UMB. Repayments are administered according to [UMB Policy VIII-99.02 Compensation Overpayment and Recovery](#).
9. Remind the employee to file an Affidavit of Relocation for Employment.

C. Office of the President

Evaluate and approve or reject requests for an M & R Payment or a temporary housing allowance for a Dean, Vice President, or other officer reporting directly to the President.

D. Department of Financial Services

1. Process M & R Payment requests in a timely fashion.
2. Ensure proper documentation is attached to M & R Payment requests.
3. Review payment requests and reject any request for an M & R Payment that is not allowed by M & R Policy or exceeds M & R Policy limits.
4. Disallow any request for an M & R Payment that is inconsistent with the M & R Policy or this M & R Procedure even if appropriate approvals were obtained.
5. Contact the department if a request for an M & R Payment cannot be approved based on review of the submitted requests and documentation.
6. Properly categorize and report each M & R Payment for tax purposes.

V. Definitions and Terms

Affidavit of Relocation for Employment – A signed statement from the employee confirming that the employee has relocated as agreed in the M & R Payment Agreement.

Authorized Affiliated Entity - An entity that has a relationship with UMB authorized by the Board of Regents or by law, e.g., faculty practice plan organizations, University of Maryland Baltimore Foundation (UMBF) and other affiliated foundations, recognized incorporated alumni associations, recognized affiliated business entities, University of Maryland Medical System/University of Maryland Medical Center, and other University System of Maryland institutions.

Eligible Employee – A UMB employee who meets the criteria set forth by the UMB M & R Policy and this M & R Procedure to receive an M & R Payment. See Guidelines Section F.1.

Household- Individuals, whether or not related, residing in the same physical residence. This Policy applies to household members who move from a single residence to a single residence.

Moving and Relocation (M & R) Payment – Payment to assist an employee accepting a position at UMB who will incur relocation expenses associated with house-hunting, moving household goods and personal effects, and traveling to a new home. Federal and state tax laws determine the tax treatment of an M & R Payment.

Moving and Relocation Payment Agreement – An agreement included with the employment offer letter that provides the terms and conditions of the offer of an M & R Payment.

Person with Fiscal Authority - The person designated by UMB as responsible for the financial administration of one or more projects within a department or division. This person accepts responsibility for authorizing the fiscal activity that appears within the financial accounting records for the projects within the person's responsibility.

UMB Funds - All funds administered by UMB, regardless of fund source. UMB funds include State-appropriated general funds, tuition, fees, and other income, as well as auxiliary funds, revolving/discretionary funds, Designated Research Initiative Funds, gifts, contract or grant revenues, and other restricted funds.

VI. Exceptions

Exceptions to this M & R Procedure must be approved in writing by the University Controller (UC) in Financial Services. All requests must be submitted to the UC using the [Policy or Procedure Exception Request Form](#) available on the Financial Services website. The request must be signed/e-mailed by the Department Head or designee.

Exceptions to the M & R Policy must be approved in writing by the CBFO. Exception requests may be submitted to the UC using the [Policy or Procedure Exception Request Form](#). Policy exception requests must be signed by the appropriate Dean/Vice President or Associate Dean/AVP.

VII. Forms

Forms can be obtained from the [Financial Services](#) website.

Form Name	Completed by	Original Sent to	Purpose
Affidavit of Relocation for Employment	Employee	Hiring Department	To confirm relocation.
Moving and Relocation Payment Agreement (M & R Payment Agreement)	Department	Retained in Hiring Department	Executed agreement between UMB and the Employee. Defines terms and conditions of the offer of an M & R Payment.
Payroll Adjustment Form (PAF)	Department	FS-PR	To request an authorized adjustment to an employee's pay.
Policy or Procedure Exception Request	Department	University Controller	Used to request an exception to the Policy or Procedure.