



University Policy: Relocation Allowance Policy

Policy Category: AU Community.

Subject: This policy applies to the reimbursement of relocation expenses for eligible full-time faculty and staff.

Responsible Executive: CFO and Vice President and Treasurer

Offices Responsible for Review of this Policy: Office of Finance and Treasurer, Provost, Human Resources

Supplemental Documents: Reimbursement Guidelines (contained within policy); Relocation Agreement Letter

Related University Policies: Ethics and Integrity Policy, Faculty Manual, Staff Personnel Policies Manual

I. SCOPE

This policy applies to offering a relocation allowance to eligible new full-time faculty and staff (“Eligible Employee”) as part of the offer letter.

II. POLICY STATEMENT

The relocation allowance amount for Eligible Employees. will be provided as part of the offer letter when pre-approved by an Authorized Official.

III. DEFINITIONS

- Eligible Employee: Newly hired academic administrators, tenure-line faculty and senior staff who are relocating from outside of the District of Columbia, Maryland and Virginia (DMV) to take up their position with AU.
- Authorized Official: Cabinet members are responsible for approving relocation allowance amounts for their direct reports. Deans of academic units are responsible for approving relocation allowance amounts for the faculty and staff in their schools/colleges. Direct reports to the cabinet are responsible for approving relocation allowance amounts for staff members in their units.

IV. POLICY

To help defray the cost associated with relocating from outside of the DMV area, American University (AU or the University) may elect to provide a relocation allowance as part of the offer letter to Eligible Employees. The relocation allowance payment may be made to Eligible

Employees within the first sixty days of employment as a one-time payment. The payment is subject to applicable tax withholdings through the University's payroll system. It is not eligible for inclusion in an employee's base pay or in calculations for contributions to the University's retirement plan and other University-provided benefits.

General Guidelines

Authorization to provide relocation allowance is at the discretion of the Authorized Official who will be guided by this policy. The policy intends to defray the cost of moving from outside of the DMV but does not guarantee that all potential moving costs will be covered. Generally, the relocation allowance amount may have a range of \$5,000 to \$10,000, depending on the distance of the move and the individual circumstance related to the move. The Authorized Official may approve a relocation allowance greater than \$10,000 upon the validation of the estimated expense for moving household goods from a particular location (e.g., quotes from a moving company). The policy does not require that a relocation allowance be offered to all newly hired faculty or staff. Temporary staff are not eligible for a relocation allowance. Upon the request of the authorized official and approval of a cabinet member, an exception to the policy may be permitted.

If an employee who received the relocation allowance voluntarily terminates their employment within one year of the first day of employment, the employee must repay the University the full relocation allowance amount.

Tax Consequences

Through calendar year 2025, in compliance with applicable federal tax laws, any expense or amount paid for moving expenses, whether or not they are paid directly to an employee, are includable in an employee's gross income and subject to applicable federal income tax withholding, social security, and Medicare taxes. The University will make all appropriate federal tax withholdings on any relocation allowance paid to an employee. State income tax treatment of moving expenses can vary from state to state. The University will follow the applicable state income tax guidelines for appropriate state income tax withholding pertaining to the relocation allowance.

Standard Paragraph to Be Included in the Offer Letter If a Relocation Allowance Is Offered to a New Hire.

“You will receive a one-time relocation allowance payment payable to you within the first sixty days of your employment. The relocation allowance is subject to applicable federal income tax, social security, Medicare taxes, and applicable state income tax withholdings. This payment is not eligible for inclusion in your base pay or in calculations for contributions to the University's retirement plan and other University-provided benefits. By signing this offer letter, you acknowledge that if you voluntarily terminate your employment within one year of the first day of employment, you agree to repay the University the full amount of the relocation allowance.”

V. EFFECTIVE DATE

This Policy is effective July 1, 2022 and replaces all prior versions.