

## MEMORANDUM

To: Cathy Anderson, Chief Financial Officer  
From: Laura Howat, Interim Associate Vice President of Financial & Business Services  
Date: November 21, 2019  
Subject: Deletion of Policy 3-032, Reimbursement of Payment of Moving Expenses, and replacement with guidelines attached to Policy 5-403, Additional Compensation

### CHANGES TO THE UNIVERSITY REGULATIONS LIBRARY *OUTDATED POLICY DELETION AND GUIDELINES ADDITION*

#### **Executive Summary**

This is a proposal to delete from the University Regulations Library existing Policy 3-032, which has become obsolete as a result of changes made in federal law. The changes to federal law resulted in the University implementing a new process for departments assisting new employees with expenses of relocation. The new process is administered by Financial and Business Services and Human Resources, and details of the process will be described in detail in a Guidance document which is being attached under Policy 5-403.

#### **Background**

A University Policy regarding Reimbursement of Payment of Moving Expense has been in place with essentially the same contents since at least 1993, formerly known as PPM 3-12 and since 2008 numbered as Policy 3-032. That Policy allowed (but did not require) departments to partially reimburse newly hired employees for typical expenses incurred in relocating to Salt Lake City. The central features of that Policy and process were for the University to directly pay some costs of relocation, and to reimburse a new employee for some other expenses actually incurred. Those methods were premised on the longstanding provisions of federal tax law—which essentially did *not* mandate treating the payment by the University as taxable income received the employee.

That premise of federal tax law has changed, necessitating changes to the University's system for assisting such employees. All employee moving benefits provided by the University are taxable to employees, as of January 1, 2018 due to the passage of the Tax Cuts and Jobs Act on December 22, 2017. Moving benefits provided by the University are taxable as wages to the employee subject to the applicable tax withholding and reporting.

Therefore, to facilitate these changes, the University has a *new process* for new hire household moves. As an example, under the old process governed by Policy 3-032, the costs of moving a household of furniture would be paid directly by the University--- i.e., the University would make direct payment to the contracted moving company. Or in some instances the employee would incur an expense, and then apply for and receive payment in reimbursement from the University.

Reflecting the changed federal law which dictates that all payments by the University must be treated as income of the employee and subject to income tax, any moving allowances the employee's department chooses to pay are now paid through Payroll directly to the employee.

With the changed underlying federal law, the provisions of long-standing Policy 3-032 became obsolete, and continuing to leave it in the Regulations Library risks misleading readers. It should be deleted.

Under the new process the University has been developing since the 2018 change of federal law, the University provides guidance to the departments and new employees for those cases in which the department chooses to provide some moving allowance benefit, by a taxable income payroll payment to the employee.

We have been advised by the Institutional Policy Committee that the most appropriate means of providing such guidance for department administrators is to publish a Guidance document and attach it to a relevant parent University Policy, and in this case that should be Policy 5-403 Additional Compensation and Overload Policy. This Guideline would be published under authority of your office (reflecting the role of Financial and Business Services) and Human Resources (reflecting the connection to Policy 5-043 for which the Chief Human Resources Officer is the designated Policy Officer).

Attached for your consideration are (i) a copy of the Guidelines for your approval, and (ii) a copy of existing Policy 3-032 (with a Note informing users of its obsolescence and pending proposal for deletion).

### **Consultation and Next Steps**

The proposed Policy deletion and Guidelines addition have been presented to and considered by: the Institutional Policy Committee (on multiple occasions); Office of Senior Vice President for Academic Affairs; Office of Senior Vice President for Health Sciences; School of Medicine; Human Resources, and Financial and Business Services.

Upon your approval, this proposal is ready for the Senate Executive Committee and Academic Senate, and eventually to the Board of Trustees for final approval.

Approved:



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Cathy Anderson  
Chief Financial Officer