Relocation Compensation

OVERVIEW
A WSU department or college may, within existing resources, authorize lump sum relocation compensation when it determines it is necessary to successfully recruit and retain a qualified candidate who will have to make a domiciliary move in order to accept the position. (A domicile is defined as a person's fixed, permanent, and principal home for legal purposes.) Any lump sum relocation compensation must be in compliance with this policy.

See also RCW 43.03.125.

The lump sum relocation compensation is intended to be used for all house-hunting, moving, and travel expenses associated with the new employee's relocation. The employee should not expect additional payments or reimbursements related to their move.

Taxation
Effective January 1, 2018, all expenses for relocation of household goods are taxable income to employees, in accordance with federal law. (P.L. 115-97) The expenses are included as compensation on employees' W-2 forms.

Expenses for relocation of laboratory and/or other professional equipment used directly in an employee's new position may be paid by the University without any taxable implications for the employee. (See BPPM 70.60.)

Taxes (federal withholding, Social Security, and Medicare) are deducted from the relocation compensation amount requested. The employee receives a net amount which is less than the gross amount stated in the offer letter. (See Total Compensation/Deductions.) To calculate the gross amount needed for a desired net amount, divide the desired net amount by .7035.

Laboratory Moves
The University offers another program for supporting laboratory moves. See BPPM 70.60. In addition to lump sum relocation compensation, this program may be used to assist an employee who relocates to accept a WSU position.

Timing of Payment
As long as payroll deadlines are met, lump sum relocation payments are included with, but separately identified in, the employee's regular paycheck within the first month of employment. Payments are not made before the first date of employment.

Source of Funding
Relocation compensation may be supported by state accounts and accounts in program 17A (discretionary accounts). Sponsored accounts (programs 11-14) may support relocation compensation if funding is specifically itemized in the approved budget.
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Restrictions
Relocation payments in excess of 10% of the employee's first year annual salary must be approved in advance by the dean, chancellor, or appointing authority for faculty and academic appointees, or the appropriate vice president, chancellor, or appointing authority for staff.

If relocation compensation is funded by federal accounts, any amount that exceeds 10% must be covered by other nonfederal funds.

PROcedures
Payroll Services processes lump sum relocation compensation as additional compensation to the employee.

Request Form
The employing department processes a Relocation Compensation Request to request lump sum payment. The form is available in PDF format on the Procedures, Records, and Forms (PR&F) website at:

policies.wsu.edu/prf/index/forms/

The gross amount requested on the form must match the gross amount authorized in the offer letter.

Faculty
The department is responsible for creating and retaining additional documentation for faculty relocation compensation which includes:

• The offering letter to a faculty candidate mentions the relocation costs if the costs are a part of the offer. If applicable, the offering letter should also notify the candidate that expense compensation for relocation of household goods is taxable income.

See Official Offer in BPPM 60.11 for offer letter procedures and retention requirements.

• The personnel action appointing the candidate includes a statement in the remarks section which authorizes lump sum compensation. See BPPM 60.25.

Total Compensation/Deductions
Income taxes, Social Security, and Medicare taxes are deducted from the total amount provided to the employee. The department indicates the total payment amount under Total Relocation Compensation.

NOTE: The relocation amount entered on the request form is the gross amount Payroll will process.
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Total Compensation/Deductions
Payroll Services deducts the following from all relocation compensation payments:

• Withholding tax will be calculated at the IRS supplemental rate (22% of gross)

• Social Security (6.2% of gross)

• Medicare (1.45% of gross)

EXAMPLE: Payroll Services would generate a payment to the employee of $703.50 from a taxable gross relocation compensation payment of $1000. ($1000 minus 22% withholding, 6.2% Social Security, and 1.45% Medicare.)

NOTE: Employer contributions of 7.65% are charged to the department for Social Security and Medicare.

Account
Enter the account code for the account that will support the relocation compensation and matching contributions for Social Security and Medicare.

Authorization
A dean, chancellor, vice president, appointing authority, or equivalent administrator approves payment.

Recipient Signature
The recipient of the compensation signs the form indicating that he or she understands that a minimum employment period of one full appointment term must be served in order to avoid repayment.

Routing
Route the completed and approved form to Payroll Services, mail code 1024.

REPAYING RELOCATION COMPENSATION
If a new employee terminates or causes termination with WSU before the first term of their appointment is completed (e.g., 9-month term; 12-month term), the University is entitled to reimbursement for household relocation compensation paid by the University. NOTE: Repayment is not required if termination is for reasons of layoff, disability separation, or other good cause as determined by the Associate Vice President and Chief Human Resource Officer.

The University may withhold the amount of the household relocation compensation paid by the University from any amounts due the employee. *(RCW 43.03.120, SAAM 60.10.30(c))*

To withhold relocation compensation from the final paycheck, the department enters an explanation and the deduction amount on the separation Personnel Action Form. The department also routes a memorandum to the Director of Payroll Services, providing an explanation and requesting the deduction. Route this memorandum at least three weeks prior to the final pay date.