University of California – Regents Policy 7711

Senior Management Group Relocation Allowance

Approved February 9, 2009
Amended September 16, 2010 and September 18, 2013

Responsible Officer: Vice President–Human Resources

Responsible Office: Human Resources

Effective Date: November 14, 2013

Next Review Date: The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.

Who Is Covered: Members of the Senior Management Group (SMG) and external candidates for Senior Management Group positions.
The Senior Management Group Relocation Allowance policy and procedures do not apply to Senior Management Group employees at the Lawrence Berkeley National Laboratory (LBNL) or candidates for Senior Management Group positions at LBNL. See *LBNL Regulations and Procedures Manual §4.01 – Relocation Policy.*

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I. POLICY SUMMARY

This policy provides the direction and authority for granting a relocation allowance to offset a portion of an external or internal Senior Management Group (SMG) candidate's costs associated with accepting the University's employment offer or with relocating at the request of the University. A relocation allowance supports the University's objective to attract and retain talented candidates who might otherwise decline the University's employment or relocation offer.

II. POLICY DEFINITIONS

Executive Officer: The University President or the Chancellor.

Exception to Policy: An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

Primary Residence: The dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.

Relocation: A change in the location of an appointee's primary residence due to a new appointment with the University.

Top Business Officer: Executive Vice President–Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

III. POLICY TEXT

A. Eligibility

To be eligible for a relocation allowance, a candidate for a Senior Management Group position must meet the following eligibility conditions:

1. The candidate must be a new hire or a current employee being assigned to a new location; and
2. The candidate must be qualified for and have accepted and intend to fulfill his/her new appointment for at least one year from the date the appointment commences; and
3. The candidate is expected to incur costs associated with accepting the University's employment offer or with relocating at the request of the University.

Consult the appropriate hiring authority before offering a relocation allowance. See Section IV. (Approval Authority) of this policy.

B. Relocation Allowance Amounts

1. A relocation allowance is granted at the sole discretion of the University, is dependent on the availability of funds, is not guaranteed to be made available to all eligible candidates, and is not guaranteed to offer total reimbursement for all increased costs that may be incurred by the candidate's acceptance of the appointment and the candidate's relocation.
2. Allowance amounts will vary based on specific circumstances including the following:

   a. amount of costs associated with the appointee's relocation that are not covered by the policy, *Senior Management Group Moving Reimbursement*.

   b. market prevalence for these allowances within specific occupations.
3. The relocation allowance amount cannot exceed a maximum of 25% of the proposed starting base salary for the SMG position. If both a hiring bonus, as set forth in the policy, *Senior Management Group Hiring Bonus*, and relocation allowance are offered to a potential candidate, the combined amount cannot exceed 30% of the proposed starting base salary. Direct moving and relocation expenses are to be reimbursed in accordance with the policy, *Senior Management Group Moving Reimbursement*.

C. Payment Provisions

Granting of a relocation allowance is at the sole discretion of the University. Before offering a relocation allowance, the employing department must confirm the availability of funds and the specific determinative criteria cited in Section III.B.2 of this policy. Any relocation allowance amount granted along with payment and repayment provisions shall be detailed in the candidate's offer letter. By signing such agreement, the candidate agrees to all payment and repayment provisions of this policy.

The relocation allowance payments are payable in either a lump sum payment (e.g., within 30 days of hire date) or as installment payments spread over a period of two, three or four years. Installment payments are generally advisable. If a recipient separates from UC, all future installment payments will be forfeited. If a lump sum payment is provided, then repayment provisions are required, as described in Section D. of this policy.

D. Repayment Provisions

1. The candidate's offer letter shall contain the specific details of the repayment provisions, including the number of years of service that must be completed and the amount (percentage or actual amount) of repayment if separation occurs prior to the completion of each year of service.
2. If the employee receives a lump sum relocation allowance and separates from UC prior to completing the agreed upon period of service (at least two years), the employee will be required to pay back a pro-rata portion of the relocation allowance payment.

3. Any unpaid relocation allowance amounts are forfeited at the time of separation of employment.

E. Funding Sources

Relocation allowance payments, if approved, are funded by the hiring department.

F. Treatment for Benefit Purposes

Relocation allowance amounts under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. A Description of Service (DOS) code of "RIP" has been established for paying relocation allowances approved in accordance with this policy.

G. Tax Treatment and Reporting

Under Internal Revenue Service Regulations, payment of a relocation allowance must be included in the employee's income as wages subject to withholding in the year paid for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee's Form W-2 in the year paid.

Any payments to SMG members under this policy will be reported to the President and the Regents in the *Annual Report on Executive Compensation.*

H. Relation With Other Policies

Senior Management Group appointees who hold an academic appointment and receive a relocation allowance under the terms of this policy are not eligible for *The Faculty Recruitment Allowance Program* as set forth in *Academic Personnel Manual (APM) 190 – Appendix E*.

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. The Office of the President Human Resources will work with the Responsible Officer of each policy to implement each policy.

B. Revisions to the Policy

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

C. Approval of Actions

All actions within this policy or that exceed this policy must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701). All actions that are applicable to members of the Senior Management Group or Officers of the University that are not expressly provided for under any policy must be approved by the Regents.

V. COMPLIANCE AND REPORTING

A. Compliance with the Policy

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.

B. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with The Regents' *Guidelines for Corrective Actions Related to Compensation Practices* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*.

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

REVISION HISTORY

As a result of the issuance of this policy, the following document is rescinded as of the effective date of this policy and is no longer applicable:

- *Senior Management Group Relocation Allowance* (Regents Policy 7711), dated August 1, 2009

Provisions in the following document that are applicable to SMG employees were rescinded as of August 1, 2009:

- *UC Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.