PROCEDURAL STATEMENT

Procedural Statement Title: Inclusion of Research-Related Relocation Costs on Sponsored Projects

Functional Area: Research Administration

Reason for Procedural Statement: To establish direct charging procedures for sponsored projects in like circumstances. To determine if an unlike circumstance exists, see: Direct Charging to Sponsored Projects in Like and Unlike Circumstances.

I. PROCEDURAL STATEMENT

This document is intended to serve as formal guidance for CU Boulder regarding the use of funds from sponsored projects for relocation costs in like circumstances. The university is committed to ensuring costs incurred in support of sponsored research are allowable, reasonable, and allocable to a particular sponsored award, as defined by U.S. Office of Management and Budget’s Uniform Guidance (2 CFR §200.403-405); are in compliance with sponsor requirements; and are administered consistently across the campus for all sponsored research. Procedural statements support the CU Boulder Cost Principles Policy by providing definitions and processes for meeting those standards.

II. DEFINITIONS

Relocation costs are defined in the U.S. Office of Management and Budget’s Uniform Guidance, 2 CFR §200.464 as:

Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee, or upon recruitment of a new employee.

Eligible employees are current employees with a 100% full-time equivalent appointment or new hires who will be in a 100% full-time equivalent appointment.

III. PROCEDURES

A. Federal Awards

Under the guidelines imposed by the Uniform Guidance, relocation expenses may be considered allowable direct charges under certain circumstances, subject to limitations.

CU Boulder considers relocation costs for new hires or existing employees to be allowable on sponsored projects if the position is essential and allocable to the performance of the award. Eligibility is limited to research faculty, research associates, and post docs.

A position is considered essential under the following conditions:
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- When there is a need for a specialized individual with unique skills and expertise in order to complete the scope of work of the project.
- When there are no available faculty or staff currently employed by the CU Boulder unit who could perform the same tasks.
- Graduate Research Assistants (GRAs) are generally not considered essential personnel, so direct charging of relocation costs to a sponsored project for a GRA is allowable only in exceptional cases.

Relocation costs are allowable on sponsored projects, provided that all the following conditions apply, and are subject to limitations outlined below:

- The move is for the benefit of the employer.
- Reimbursement to the employee is in accordance with an established written procedural statement consistently followed by the employer. (http://www.colorado.edu/hr/position-compensation-management/university-staff/process-guide/relocation)
- The reimbursement does not exceed the employee's actual expenses. Employee Services requires original receipts be retained at the department level. (http://www.cu.edu/employee-services/moving-relocation)
- International travel related to relocation on federally funded projects must adhere to the Fly America Act (see the Travel Desktop Reference for more information).

Limitations on allowability

1. For new hires, the relocation costs to be covered should be listed in the offer letter. If the cost is significantly higher than what the department historically has provided, the Tests of Propriety (section II.E of APS 4015 – Propriety of Expenses) should be used, and additional justification provided. Allowable relocation costs for current employees or new hires are limited to the items listed below:
   - The costs of transportation of the employee, members of his or her immediate family, and his or her household and personal effects to the new location.
   - The costs of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition period, up to maximum period of 30 calendar days.

2. If the newly hired employee resigns within 12 months after hire for reasons within his or her control, all associated relocation costs must be removed from the Federal award and charged to a departmental account. If the employee is terminated by the unit within 12 months, relocation costs can still be charged to the sponsored project.

3. If an existing employee, or a new hire, is being moved to an overseas location, and both of the following conditions apply, the cost will be considered a travel cost in accordance with §200.474 Travel costs, and departments should follow the university's travel policy (link available in Section D.).
   - Dependents are not permitted at the location for any reason, and
• The costs do not include costs of transporting household goods.

_Unallowable costs_
• Fees and other costs associated with acquiring a new home.
• A loss on the sale of a former home.
• Continuing mortgage principal and interest payments on a home being sold.
• Income taxes paid by an employee related to reimbursed relocation costs.

B. **Non-Federal Awards**
Section 2 CFR 200.403(c) of the Uniform Guidance requires that we apply our policies and procedures uniformly to both federally-financed and other activities of the university. Therefore, CU Boulder’s _Cost Principles Policy_, and related procedural statements, are also applicable to non-Federal awards. The basic criteria for relocation costs are similar for non-Federal sponsored projects, but it is also important to be familiar with the particular requirements or restrictions of each non-Federal sponsor. When allowed by the non-Federal sponsor, a written justification for the inclusion of relocation costs should be provided in order to explain why these are necessary to fulfill the research objective of the project, and to ensure that the cost directly benefits the project being charged, even when the non-Federal sponsor may follow more flexible spending guidelines.

C. **Process**
   **At Proposal**
The relocation cost should be identified in the proposal budget justification if possible, and justified as to why it is necessary and allocable to the performance of the award. Inclusion in the budget justification is intended to enable the sponsor to review and concur with the need for the cost. Written justification and/or approval is meant to prevent questions regarding the allowability of costs in the event of an audit.

   **After an Award is Funded**
Not every cost can be anticipated at the time of proposal preparation. In the event that an unbudgeted relocation cost is required after an award is funded, the department can work directly with the assigned Sponsored Projects Accounting (SPA) Grant Accountant to ensure that this cost is properly documented (including any eligible charges paid by a new employee that would be reimbursed by CU Boulder with sponsored project funds). The documentation must be retained by the department and available upon request. The purpose and benefit of charging the relocation costs to the specific project should be fully described in the justification, and retained for future reference, should the expenditure be questioned at a later date.

D. **Related Procedural Statements, Forms, Policies, and Tools**
• _Inclusion of Recruitment Costs on Sponsored Projects_
• _Inclusion of Visa Costs on Sponsored Projects_
• _CU Moving and Relocation Guidelines_
• _CU Travel Procedural Statement_
• _Additional Pay Form_
E. Frequently Asked Questions

Question: I am hiring a new employee who is currently located in another state to work on a sponsored project. I did not include relocation expenses on my original budget; can I pay for relocation costs now?

Answer: It is possible to charge relocation costs, assuming no sponsor-specific restrictions. Contact your SPA Grant Accountant to ensure that the cost is properly documented before any expenses are incurred.

Question: I am hiring a new employee who will work 50% FTE on my NSF grant, and 50% FTE on my NIH grant. Since the total FTE is 100%, can I charge relocation costs to my NSF grant?

Answer: This will require that you review the potential cost with your SPA Grant Accountant. Some agencies (like NSF) only allow charging of relocation costs for employees working 100% on their specific funded project. Other agencies may allow partial charging reflecting the proportion of effort.

Question: We have hired an employee for a federal sponsored project and are paying for some of their relocation costs out of our sponsored project budget. The new employee bought their own plane ticket on a foreign carrier and we need to reimburse them; can we do so?

Answer: All international airfare charged to a federally-sponsored project must conform to the Fly America Act, even if we are doing a reimbursement rather than a direct purchase. Check the Travel Desktop Reference to see if the purchase conforms to the Fly America Act. If it does, then it can be charged to the project.

Question: I am an existing employee who will be going to a foreign country for a 13-month period, which will be funded by a federally-sponsored project. I cannot bring dependents, and my costs will not include moving any household goods. Can I include relocation costs in my budget?

Answer: Some of your expenses may be considered travel expenses. Costs associated with this type of move would not be considered relocation costs. See the CU Travel Policy for more information.

Question: We have a new hire moving to Boulder, and their contract with the moving company is under their spouse’s name; can the cost be charged?

Answer: Yes, but documentation will be needed from the hiring company that this move is for the employee (an email or other document will suffice).

Question: I have a PI transferring from another institution along with his award, and he would like to bring a GRA who is currently working on the sponsored project. Can we charge relocation costs for this GRA to the sponsored project?

Answer: As long as the GRA will be working on the sponsored project for at least 12 months after coming to CU Boulder, and the PI can demonstrate that the GRA is essential personnel for the project, this is an allowable charge. The relocation costs should be detailed in the GRA offer letter.

Question: Does an Additional Pay Form routed through SPA constitute adequate documentation for relocation costs?

Answer: Yes, as long as the form contains an explanation of how the position is allocable and necessary to the performance of the award. This information can be provided in “Reason” box on the form or attached as a separate document.