

UCLA Recruiting Incentives Summary

Faculty and Senior Management

The following is a compendium of various recruitment incentives and the tax consequences of those incentives. It is not intended to be an exhaustive list, and does not address health and welfare or retirement issues. Any incentive that is disallowed under UC policy is noted.

Other restrictions, such as Academic Personnel policy, fund restrictions, or other Regental restrictions or approval requirements might restrict eligibility for these incentives. Schools, the College, and departments are encouraged to seek guidance in advance of making a commitment to recruitment candidates.

Description of Incentive (1) ¹	Allowable UC Incentive?	UC Policy or Directive	Taxable? (2) ²	Considerations	Contact for Additional Information
Recruiting Trips					
Actual expenses of applicant (non-employee) or applicant's spouse incurred in connection with pre-employment interviews, conducted at the invitation of the prospective employer.	Yes	BFB G-28	No	Expenses must be substantiated to be nontaxable. May not exceed one round-trip coach airfare between the prospective employee's current residence and the interview location for each round of interviews. At the Chancellor's discretion, actual travel expenses may be reimbursed for spouses who accompany candidates on final interviews.	Travel Accounting x62639 Option 4
House-Hunting Trips					
Actual expenses of employee and spouse in connection with post-offer acceptance trips for non-UCLA business reasons (e.g., for house hunting purposes).	Yes	BFB G-13	Yes	Not addressed in APMs. BFB G-13 used for guidance.	Travel Accounting x62639 Option 4
Moving Expenses					
Moving Costs Actual costs of moving employee's family and belongings to new job.	Yes	APM 550, 560, 561; BFB G-13	No		Travel Accounting x62639 Option 4
Meals Actual meal costs incurred en route from old residence to new residence.	Yes	APM 550, 560, 561; BFB G-13	Yes		Travel Accounting x62639 Option 4
Housing					
Temporary Housing Expenses of 30 days or less at new work location incurred in connection with a permanent relocation.	Yes	BFB G-13; G-28	Yes	Expenses are to be based on actual reasonable expenses incurred for meals & lodging during any one period of 30 consecutive days after approval of employment.	Travel Accounting x62639 Option 4
Temporary Housing More than 30 days but less than 12 months.	Yes	BFB G-13; G-28	No	May only be offered to employees with assignments of less than one year. Reimbursement is based on an estimate of actual daily expenses, limited to a daily amount of up to 55% of the applicable federal per diem rate established for domestic travel. Exceptions to the 55% limit are permissible with exception from UCLA Travel.	Travel Accounting x62639 Option 4

¹ (1) Information on employee health, welfare, and retirement benefits is not included in this summary. Please consult Campus Human Resources, Healthcare Human Resources or Academic Personnel Office for information pertaining to these benefits.

² (2) "Taxable" means UCLA is required to withhold federal and state income tax and deductions for employment taxes from payment. In addition, certain payments may be subject to departmental assessments for worker's compensation insurance and unemployment insurance. Payment amount and withholdings are reported on employee's Form W-2 in the year benefits are received. Amounts paid to non-resident alien employees claiming treaty benefits are reported on Form 1042-S instead of Form W-2.

Long-Term Housing Housing for periods in excess of one year includes housing expenses paid for by departmental recharges.	By exception	Standard practice	Yes	May only be offered to individuals whose assignments require them to change their residence, who expect to remain in a single location for more than one year, and who expect to return at the end of their assignment to their previous location. Expenses may be reimbursed up to 150% of the per diem rate authorized for domestic travel of 30 days or more. Departments are required to notify Corporate Financial Services of taxable activities charged through the campus recharge system.	Travel Accounting x62639 Option 4
Faculty Recruitment Allowance	Yes	APM 190	Yes		Accounts Payable (AP)
Travel					
Spousal Travel (for bona fide business purposes)	By exception	BFB G-28	No	The spouse must have a significant role in the proceedings or must make an important contribution to the success of the event.	Travel Accounting x62639 Option 4
First Class - Business Travel	By exception	BFB G-28	No	Under certain conditions, first- or business-class travel is allowable (e.g., due to documented medical condition; lack of coach service to a specific destination).	Travel Accounting x62639 Option 4
Loans & Loan Forgiveness					
Mortgage Origination Program (MOP) Loans First deed of trust mortgage loans to assist eligible UC faculty and senior managers acquire a principal place of residence.	Yes	http://www.ucop.edu/facil/olp/morate.html	No (3) ³	Refrain from premature statement concerning loan qualification in offer letter since that decision cannot be made until a complete application is received and approved by UCOP, Office of Loan Programs.	Linda MacEachern Real Estate x42649
Supplemental Home Loan Program (SHLP) Loans Below-market rate secondary financing, to assist faculty & senior managers acquire a principal residence. All University home loans, other than the MOP loans, are governed by the SHLP requirements.	Yes	http://www.ucop.edu/facil/olp/morate.html	No (4) ⁴	Refrain from premature statement concerning loan qualification in offer letter since that decision cannot be made until a complete application is received and approved by UCOP, Office of Loan Programs.	Linda MacEachern Real Estate x42649
Below Market-Rate Loans Other than MOP & SHLP Loans	No	Regents Standing Order 100.4(dd)(3)	N/A	Regents Standing Order 100.4(dd) (3) requires a resolution of the Board of Regents for all loans other than those from established UC loan funds and programs. Therefore loans other than those provided under the MOP and SHLP loan programs are not permissible.	Linda MacEachern Real Estate x42649
Forgivable Loans Loans that are forgiven if the borrower remains in the employ of UC for an agreed upon time.	No	Regents Standing Order 100.4(dd)(3)	N/A	Regents Standing Order 100.4(dd) (3) requires a resolution of the Board of Regents for all loans other than those from established UC loan funds and programs. Therefore loans other than those provided under the MOP and SHLP loan programs are not permissible. Potential alternative: Give borrower a 1) Deferred Payment (SHLP Loan (Nontaxable) and a 2) housing allowance (Taxable) that is conditioned on the faculty staying employed by the University for a stated period of time. The housing allowance and SHLP Loan must be separate transactions; there may not be a requirement to use the housing allowance to pay off the SHLP Loan, and the housing allowance may not exactly match the timing and amount of payments due under the SHLP Loan, or else the SHLP Loan will lose its tax advantaged status.	Linda MacEachern Real Estate x42649

³ (3) IRS is currently reviewing whether loans over \$1 million are taxable.

⁴ (4) IRS is currently reviewing whether loans over \$1 million are taxable.
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Auto Expenses					
Senior Management Monthly Automobile Cash Allowances Monthly cash allowances to eligible senior managers in lieu of receiving use of a University leased or loaned automobile.	Yes	AMC E-821	Yes	Very limited Senior Management titles. Faculty are not eligible for this incentive. 100% of auto allowance is taxed through payroll. Business use can be claimed as an itemized deduction (employee business expense) for amounts exceeding 2% of employee's AGI on employee's individual tax return. Employee may lose deduction for a portion of the business use due to the 2% deduction floor. UC monthly maximum auto allowance is \$743 for 2009.	Lucy Eugenio Payroll x48728
Universally Leased/Loaned Vehicles Value of the personal use of University leased or loaned vehicle by eligible senior managers.	Yes	AMC E-821	Yes	Very limited Senior Management titles. Faculty are not eligible for this incentive. Only personal use is taxable. Employee is required to keep records of personal and business miles driven and file an annual report with Payroll documenting business usage, or 100% of value of leased/loaned vehicle is taxable. UC maximum on capitalized cost of new leased vehicle is \$31,300 plus tax & license.	Lucy Eugenio Payroll x48728
Parking Reimbursement of monthly employee parking.	No	AVC Memo dated 06/15/92	N/A	Labor relations and equity reasons cited in AVC memo as reasons for not allowing campus departments to pay for employee parking.	Accounts Payable
Educational Assistance					
Employees:					
Fee or tuition reduction or reimbursement - undergraduate level coursework (includes Extension courses).	Yes	AMC S-772-33, T-182-77 & SPP 50, 51	No	Applies to education expenses incurred at UC or other educational institutions. Cannot be compensation for services.	Policy Info - AP, CHR Lazetta Smith x40877, or HRR Tax Info - Tax Services x46724
Fees or tuition reduction or reimbursement - graduate level coursework, R.A., T.A. or equivalent title.	Yes	AMC S-772-33, T-182-77 & SPP 50, 51	No	Applies to education expenses incurred at UC or other educational institutions. Cannot be compensation for services.	Policy Info - AP, CHR Lazetta Smith x40877, or HRR Tax Info - Tax Services x46724
Fee or tuition reduction or reimbursement - graduate level coursework - employees other than R.A., T.A. or equivalent titles - unrelated to employee's existing job responsibilities.	Yes	AMC S-772-33, T-182-77 & SPP 50, 51	Varies	1) Tax Free - Amounts up to \$5,250 per calendar year. 2) Taxable - Amounts in excess of \$5,250 per calendar year. Applies to education expenses incurred at UC or other educational institutions. Cannot be compensation for services.	Policy Info - AP, CHR Lazetta Smith x40877, or HRR Tax Info - Tax Services x46724
Reimbursement - undergraduate or graduate level "job related" coursework - (i.e., taken to improve employee's existing job responsibilities).	Yes	AMC S-772-33, T-182-77 & SPP 50, 51	No	Applies to education expenses incurred at UC or other educational institutions. Cannot be compensation for services.	Policy Info - AP, CHR Lazetta Smith x40877, or HRR Tax Info - Tax Services x46724
Spouse & Dependents:					
Fee or tuition reduction or reimbursement for employee's spouse or dependents - undergraduate or graduate level - Includes both UC and non-UC schools.	No	No definitive policy or directive located.	Yes		Policy Info - AP, CHR Lazetta Smith x40877, or HRR Tax Info - Tax Services x46724
Educational assistance at the elementary and secondary level for employee's dependents - (e.g., University Elementary School tuition). Includes both UC and non-UC schools.	No	No definitive policy or directive located.	Yes		Policy Info - APO, CHR Lazetta Smith x40877, or HRR Tax Info - Tax Services x46724

Child Care Services					
Child care expenses reimbursed through UC's Dependent Care Assistance Program (DepCare).	Yes	UC Child Care Policies (5) ⁵ (6) ⁶	No (7) ⁷	DepCare allows eligible employees to pay for eligible child care expenses on a pre-tax, salary reduction basis. Note: For questions about waiting list availability, see the UCLA Early Care and Education Center website .	DepCare info - Oletha Brown CHR x40847 UCLA Early Care & Education - Gay MacDonald X55086
Child care expenses of an employee reimbursed or directly paid by department (e.g., through departmental recharge). See above for reimbursements made to employees in accordance with UC's Dependent Care Assistance Program (DepCare).	No	General Counsel Memo dated 5/24/2001	N/A	Note: For questions about waiting list availability, see the UCLA Early Care and Education Center website .	Tax Services x46724
Immigration Fees					
Legal expenses, INS fees, and related expenses incurred in connection with visa fees and renewals , primarily for the benefit of University business .	Yes	AMC T-182-27	No	See AMC T-182-27 for specific examples of taxable vs. nontaxable types of immigration-related expenses. Advance approval of immigration-related legal fees is required by Vice Chancellor of Academic Personnel, Campus Counsel & the Dashew Center. Copies of the necessary approvals must be submitted to Accounts Payable with the invoice for immigration related legal fees.	Dashew Center x51681 or Visa Office School of Medicine x57050
Legal expenses, INS fees, and related expenses incurred in connection with obtaining permanent resident status , primarily for the benefit of University business .	Yes	AMC T-182-27	No	See AMC T-182-27 for specific examples of taxable vs. nontaxable types of immigration-related expenses. Advance approval of immigration-related legal fees is required by Vice Chancellor of Academic Personnel, Campus Counsel & the Dashew Center. Copies of the necessary approvals must be submitted to Accounts Payable with the invoice for immigration related legal fees.	Dashew Center x51681 or Visa Office School of Medicine x57050
Legal expenses, INS fees, and related expenses incurred in connection with obtaining permanent resident status , primarily for the benefit of a UC employee .	Yes	AMC T-182-27	Yes	See AMC T-182-27 for specific examples of taxable vs. nontaxable types of immigration-related expenses. Advance approval of immigration-related legal fees is required by Vice Chancellor of Academic Personnel, Campus Counsel & the Dashew Center. Copies of the necessary approvals must be submitted to Accounts Payable with the invoice for immigration related legal fees.	Dashew Center x51681 or Visa Office School of Medicine x57050
Tail Insurance					
Insurance coverage provided to physicians for activities in their practices prior to University employment.	Yes	AMC P-196-11	Yes		Provost's Office School of Medicine
Compensation vs. Research Support					
Research Support University's commitment for an agreed amount of financial assistance to faculty to conduct their research while employed by the University.	Yes	Standard Practice	No	May not be paid in lieu of compensation. Funds must be administered in accordance with University policy and may not accrue to the personal benefit of the faculty.	Accounts Payable

⁵ (5) Dep Care Reimbursement Account: http://atyourservice.ucop.edu/forms_pubs/spd/depcarespd_07.pdf

⁶ (6) Dep Care Eligible/Ineligible Expenses: http://atyourservice.ucop.edu/employees/health_welfare/depcare_hcra/depcare_expenses.html

⁷ (7) Tax Considerations: http://atyourservice.ucop.edu/employees/health_welfare/depcare_hcra/tax_considerations.html

<p>Banking Z Payments The practice of earning Z Payments (taxable) and electing not to receive the income (e.g., by redirecting it into the faculty's departmental operating account to be used for academic enrichment or other bona fide University business purposes).</p>	No	AMC P-196-37	N/A	For tax purposes, a faculty member who is entitled to receive income under an existing compensation arrangement is viewed as having constructively received the income if he or she has a right to it. Such income is therefore taxable at the time the faculty has the right to it and should be paid through payroll and not banked. See discussion of "Constructive Receipt of Income - Z Compensation" in AMC P-196-37.	Dean's Office SOM
<p>Banking 9ths Allowing a faculty member to specify and redirect additional compensation into his/her departmental operating account to be used for academic enrichment or other bona fide University business purposes.</p>	No	AMC P-196-37	N/A	For tax purposes, a faculty member who is entitled to receive income under an existing compensation arrangement is viewed as having constructively received the income if he or she has a right to them. Such income is therefore taxable at the time the faculty has the right to it and should be paid through payroll. See discussion of "Constructive Receipt of Income - Z Compensation" in AMC P-196-37.	Accounts Payable