



Butte-Glenn Community College District

ADMINISTRATIVE PROCEDURE

AP 6450 - Cellular Phones/Internet Access

Purpose

This policy will greatly simplify the entire cell phone program, and result in each user having both freedom of choice and personal responsibility for his or her cell phone plan. It will also enable the District to comply with IRS rules regarding the taxability of employee cell phones.

The IRS considers cell phones to be "listed property." As such, detailed record keeping is required (IRS Section 274(d) (4)), including (a) the amount of the expense, (b) the time and place of call, and (c) the business purpose for the call.

The IRS can declare all undocumented use as personal that should be taxed as wages, even if the calls were mostly business calls. Providing a taxable allowance for an individually owned cell phone removes this detailed documentation requirement.

Procedures

Eligibility

1. A regular employee, whose supervisor and Vice President have determined that there is a business necessity for the frequent use of a cell phone, is eligible to receive a cell phone allowance.
2. There will be no retroactive cell phone allowances paid.
3. Student workers are not eligible for a cell phone allowance.
4. A regular employee who is required to regularly perform duties on the computer at home is eligible for an internet allowance.

Documentation and Review Requirements

1. Supervisors are responsible for an annual review of employee business-related cell-phone use, to determine if existing cell phone allowances should be continued as-is, changed, or discontinued.
2. Supervisors are responsible for notifying Payroll immediately when employees with allowances leave the District.
3. Employees who receive a cell phone allowance may be required to provide cellular phone records to the Butte College Business Office upon request.

Establishment and Payment of Allowance

1. If a District employee's job duties include the frequent need for a cell phone, then the employee is eligible for an allowance to cover cell phone expenses. It may be requested using the Cell Phone/Home Internet Access Allowance Request/Change Form. The request may be made any time during the fiscal year, with appropriate supervisor and vice president approvals.
2. If a District employee's job duties require frequent need for working at home on the internet, then the employee is eligible for an allowance to cover business related internet expenses. It may be requested using the Cell Phone/Home Internet Access Allowance Request/Change Form. The request may be made any time during the fiscal year, with appropriate supervisor and vice president approvals.

3. The request form must be submitted to Payroll prior to the appropriate payroll processing deadline in order for the allowance to be direct deposited into the employee's account.
4. This allowance does not constitute an increase to base pay, and will not be included in the calculation of percentage increases to base pay due to annual raises, job upgrades, etc.

Determination of Dollar Amount of Allowance

1. The dollar amount of the cell phone allowance should cover the employee's projected **business-related expenses**. These expenses are the cost of a monthly cell phone plan that provides adequate business related services.
2. Upgrades to basic equipment and plans (special cosmetic or technical features, etc.) or expected cell phone use unrelated to business cannot be considered in determining allowance amounts.
3. Determination of the dollar amount of the allowance is made at the department level, but must be within the guidelines and dollar limits established under District policy.
4. The dollar amount of the monthly cell phone allowance should approximate the employees anticipated business related expenses only. Management should use the following ranges to determine the appropriate allowance:
 - Tier 1 –\$50/month: This allowance is for the employee who has light to medium usage of the cell phone for business purposes.
 - Tier 2 –\$75/month: This allowance is for the employee who has high usage of the cell phone for business purposes (900 or more business minutes). Tier 2 requires a minimum of three (3) months of cell phone bills be submitted for review by the Director of Business Services.
5. Allowance Add-ons – Up to \$50/month: This is an additional allowance for the employee who has extra phone services such as text messaging, wireless cards for laptops, email and data plans necessary for their job. Add-on allowance requires review by the Director of Business Services.
6. Exceptions to the cell phone allowance procedure must first be addressed with the Director of Business Services, by submitting three (3) months of cell phone bills along with the request for exception. After review, the Director of Business services will forward the request to the President's Leadership Team for final determination.
7. Business related expenses for internet usage cannot be distinguished from personal use. The allowance amount for internet use is a set amount. The dollar amount of the home internet access allowance is set at \$15/month.

Employee's Responsibilities

1. The employee must retain an active cell phone/home internet contract as long as a cell phone/home internet access allowance is in place. Because the cell phone is owned personally by the employee, and the allowance provided is taxable income, the employee may use the cell phone/home internet access for both business and personal purposes, as needed.
2. The employee must notify Enterprise Networks each time the cell phone number is changed.
3. The employee may, at his or her own expense, add extra services or equipment features, as desired.
4. Use of the phone in any manner contrary to local, state, or federal laws will constitute misuse, and will result in immediate termination of the cell phone allowance.

Fees for Contract Changes or Cancellations

1. If, prior to the end of the cell phone contract, a personal decision by the employee, or employee misconduct, or misuse of the phone, results in the need to end or change the cell phone contract, the employee will bear the cost of any fees associated with that change or cancellation.

2. If, prior to the end of the cell phone contract period, a departmental decision (unrelated to employee misconduct) results in the need to end or change the cell phone contract, the department will bear the cost of any fees associated with that change or cancellation. For example, the employee's supervisor has changed the employee's duties and the cell phone is no longer needed for business purposes. If the employee does not want to retain the current contract, change or cancellation fees will be reimbursed by the department.

Infrequent Use of Cell Phones for Business Purposes

1. If a District employee's job duties do not include the frequent need for a cell phone, the employee is not eligible for an allowance.
2. Such employees may request reimbursement for the actual extra expenses of business cell phone calls (but reimbursement for per-minute "air time" charges is limited to the total overage charge shown on the invoice, i.e., expenses for minutes included in the plan will not be reimbursed).
3. The individual should make personal payment to the provider, and then should submit a request for reimbursement with the appropriate documentation for the business purpose charges.

Related Forms

Cell Phone/Home Internet Access Allowance Request/Change Form

FAQs pertaining to Cell Phones

Why does the District want me to own my cellular telephone?

It will greatly simplify the entire cell phone program, and result in each user having both freedom of choice and personal responsibility for his or her cell phone plan. It will also enable the District to comply with IRS rules regarding the taxability of employee cell phones. The IRS considers cell phones to be listed property. As such, it requires detailed record keeping (IRS Section 274(d) (4), including (a) the amount of the expense, (b) the time and place of call, and (c) the business purpose for the call. Internal Revenue Service authority considers cell phone use a taxable fringe benefit if the business and personal use cannot be substantiated. Only recently has this emerged as a problem in IRS and other audits. The IRS has already made cellular telephone use an audit issue for businesses and government institutions, including higher education.

What if my actual business usage exceeds the amount of the allowance that I receive?

The monthly allowance amount can be adjusted based on actual business usage or, if your business use spikes one month, you may request an expense reimbursement for un-reimbursed business calls.

How do I know what cellular telephone or monthly plan to choose?

The device and plan you select should be based on personal preferences for personal service coverage and the services required by your position (as approved by your supervisor), as well as preferable contract terms. Although you may select a cell phone plan to address both business and personal needs, the amount of an employee's allowance will be based on business needs only.

What if my choice doesn't work out for me?

You should take full advantage of any trial periods offered by the vendors. Of course you will be responsible for any contract terms you personally agree to. Pay strict attention to your level of service during trial periods and return the phone and cancel the plan if you are not receiving the level of service you need.

What about smart phones or PDA/Phone combinations?

If your job requires that you have access to email, calendaring or other PDA functions, your supervisor may approve an Allowance Add-on as required to perform your job.

If I am authorized to use a smart phone to access District e-mail calendaring or other services, can the District recommend which devices will work best and will be supported by the District?	Remember that these products change regularly – so you should speak with the vendor representatives. Contact Enterprise Networks for recommended equipment.
How are cell phone allowances determined?	With department approval, you will work with your budget officer and/or supervisor to determine how much your allowance will be. You will receive an amount necessary to pay for required business use.
Does everyone get an allowance for a personally-owned cell phone?	No. You should only receive an allowance if your job requires that you carry a cell phone where other less expensive means of communication are not adequate, and then only an amount necessary to cover business calls. Just because someone with your title gets an allowance doesn't mean that you will if your specific duties do not require the use of a cellular phone.
If I am a supervisor, how do I select the correct allowance amount for an employee?	<p>The allowance amount must be based on the business requirements of the employee's position. Amounts may be selected from \$50 to a maximum of \$125, based on the monthly plan cost.</p> <p>Because the allowance is taxable, the actual amount that an employee receives will be less than the selected allowance amount. Departments are encouraged to determine an amount based on job function that is fair to the employee and the department. This amount should consider business usage only and not added personal usage. Legitimate expenses are the monthly cost of a plan that meets the department's business requirements. Upgrades to basic equipment (special cosmetic or technical features, etc.), or expected cell phone use unrelated to business, cannot be considered when determining the allowance amount.</p> <p>Determination of the dollar amount of the allowance is made at the department level with Vice President approval, but must be within the guidelines established under this District policy.</p>
When and how should I expect to see my allowance?	Your allowance will be included in your next regular pay Direct Deposit, as determined by Payroll's pay deadline dates, based on the date approved requests are received.
Do I get retirement contributions or other benefits if I receive a taxable allowance for my cell phone?	No. The allowance is not part of your salary; it is a taxable reimbursement not included when determining benefits.
How can I change the amount of an allowance, or the account it is charged to?	Submit a Cell Phone/Home Internet Access Allowance Request/Change Form with appropriate approvals.
If I have questions on the allowance once I receive it, who should I talk to?	Contact the Director of Business Services.
How can I access my calendar and email folders on my BlackBerry?	You must contact Enterprise Networks to acquire a District license to the Server.

_____ Initial Request _____ Change Request

**Butte-Glenn Community College District
Cell Phone/Home Internet Access Allowance Request/Change**

Employee Name: _____ Employee ID #: _____

Job Title: _____ Office Phone: _____

Department: _____ VP: _____

Email: _____ Cell Phone #: _____

Account to be Charged: _____ .52396 (object – cell phone stipend)

Request for Monthly Cell Phone Allowance:

Tier 1 (\$50.00) *Tier 2 (\$75.00) Add-ons (up to \$50.00)
(>900 Business Minutes)

*Requires review by Director of Business Services

Business Justification for Cell Phone Allowance:

Request for Monthly Home Internet Allowance: \$15.00

Business Justification for Home Internet Allowance:

Total Monthly Allowance Requested:

\$

Begin Date: _____
(must coincide with begin date of payroll period)

(If changing amount, attach a copy of the most recent cell phone statement)

Cancellation Request for Cell Phone/Home Internet Access Allowance:

Cancel Monthly Allowance Effective Date of Cancellation: _____

Reason for Cancellation:

Employee Certification

I certify that the above allowance will be used toward expenses I incur for cell phone usage and that I am responsible for the payment of any cost that exceeds the approved District allowance. I also understand that I am responsible for keeping my cell phone service operational as long as I receive this allowance. I confirm that I will utilize the BGCCD Cell Phone/Home Internet Access Allowance Request/Change Form to notify BGCCD departments of my cell phone number and any changes to my cell phone number. I understand and intend to comply with the District's Cell Phone/Internet Access Policy and Procedures.

I understand the District's contribution toward the purchase of a monthly cell phone plan is taxable income and is NOT part of my base salary and that contract provisions of any communication service plan entered into under this program are my personal responsibility. I also certify that the communications plan will be used in the performance of my District job responsibilities as defined by my supervisor.

Employee Signature: _____

Date: _____

Department Head/Supervisor

Date: _____

Vice President

Date: _____

Director of Business Services

Date: _____

Return completed form, with back up information if required, to Director of Business Services