

# Order of Saint Benedict/College of Saint Benedict

## Cell Phone Policy

### Purpose

This new 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 us 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.

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

### Policy

The Order of St. Benedict/College of Saint Benedict (OSB/CSB) will not own cell phones for use by individual employees. Employees whose job duties include the frequent need for a cell phone may receive extra compensation, in the form of a cell phone allowance, to cover business-related costs. All other employees may submit infrequent business-related cell phone expenses for individual reimbursement.

Cell phones should not be selected as an alternative to other means of communication -- e.g., land-lines, pagers, and radio phones -- when such alternatives would provide adequate but less costly service to OSB/CSB.

OSB/CSB will no longer make direct payments to cell phone providers, either by check, purchasing card, or any other means. Employees with current corporate cellular devices should change to this new policy before July 31, 2008.

**Exception:** OSB/CSB will provide and maintain pooled minutes and equipment for strategic OSB/CSB departments/employees such as Security, Maintenance, Residential Life “On-Call” Phones, Events and Scheduling, and monastic members. These are phones that are generally utilized by the departments while on campus to maintain mobility and generally not assigned to individuals. These phones typically remain on campus. These phones should be used for business purposes only and should not be used for personal calls.

## Procedures

### I. Frequent Use of Cell Phones for Business Purposes

#### A. Determining Employee Eligibility for an Allowance:

Who is eligible? Any OSB/CSB employee who has a frequent need to use a cell phone for business purposes is eligible.

What is meant by “a frequent need?” This refers to two types of needs:

- 1) The need for frequent use of a cell phone (e.g., an employee who must be often on the road or in the field, but who needs to remain in touch with others.)
- 2) The need to be frequently available for **emergency contact** (e.g., an employee whose duties require them to be quickly contacted, anywhere, anytime.)

#### B. Establishment and Payment of Allowance:

If an OSB/CSB 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. The allowance may be requested using the [Allowance Request Form](#). The request may be made any time during the fiscal year. Fill out the form completely, obtain signatures, and forward the form to the Human Resources Department with a copy of your most recent cell phone invoice or cell phone contract.

This allowance does **not** constitute an increase to base pay, it will **not** be included in the calculation of percentage increases to base pay due to annual raises, job upgrades, etc., and it will **not** be included in the calculation of employee benefits including the retirement plan.

#### C. Determination of Dollar Amount of Allowance:

The dollar amount of the cell phone allowance should cover the employee's projected business-related expenses. Typically, new employees should start out at the lowest allowance amount. If they find that they are generally using more monthly minutes than covered under the initial allowance amount, that amount could be increased.

<i>Estimated Business Minutes of Usage</i>	<i>Plan Allowance</i>	<i>Equipment Allowance (1)</i>	<i>Payroll Tax Allowance (2)</i>	<i>Total Monthly Allowance</i>	<b>Allowance per Pay Period (26 pay periods)</b>
<i>0 – 299</i>	<i>\$20.00</i>	<i>\$3.00</i>	<i>\$2.00</i>	<i>\$25.00</i>	\$11.54
<i>300-799</i>	<i>\$30.00</i>	<i>\$3.00</i>	<i>\$3.00</i>	<i>\$36.00</i>	\$16.62
<i>800+</i>	<i>\$50.00</i>	<i>\$3.00</i>	<i>\$5.00</i>	<i>\$58.00</i>	\$26.77
<i>(Data Phone Approval from President/Treasurer) Insurance should be purchased. (3)</i>	<i>\$65.00</i>	<i>Equipment purchased by campus</i>	<i>\$10.00</i>	<i>\$75.00</i>	\$34.62

- 1) Calculated at \$76 equipment replacement over 24 months.
- 2) Increase Allowance for Payroll Tax (Social Security and Medicare Tax).
- 3) At the discretion of the campus Presidents/OSB Treasurer, the campus may purchase a data phone device for the employee. This employee will receive reimbursement for the data phone device through accounts payable. Insurance should be added to the personal contract when the data phone is purchased. New data phones should not be purchased until a personal contract expires. Employees that damage phones and do not carry insurance should pay the cost of a similar replacement phone personally.

CSB/OSB provides for allowances in tier rates of \$25, \$36, \$58, and \$75 per month. The total monthly allowance is to cover the cost of basic equipment, and the cost of the employee's monthly cell phone plan, and an increase allowance for payroll tax. The plan chosen should be the least expensive that provides adequate business-related services. Determination of the dollar amount of the allowance is made at the **department level** with supporting documentation, but must be within the guidelines and dollar limits established under this policy.

Follow these steps below to determine the tier amount available to you:

- Project business use to the best of your ability. What number of minutes per month is the employee likely to expend on business-related calls? If the device allows messaging, email retrieval, internet use and the like, what is the likely cost for its other business uses? Use any history you may have for this position to help with the projection.
- Find a plan that best and most economically meets that projected business use. NOTE: Always mention your association with the Order of St. Benedict/College of Saint Benedict. Some providers have discounts available to OSB/CSB employees.
- If the employee already has a personal cell phone, there is no requirement to obtain a second phone. Project the costs that would be incurred for business use if the employee began using the current personal phone for business purposes. Consider changing the basic plan if indicated.
- Costs for cosmetic or technical extras or upgrades that have no business purpose, or any personal use that might be expected, cannot be included.

#### **D. Use of Phone:**

The employee must retain an active cell phone contract as long as a cell phone 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 phone for both business and personal purposes, as needed. The employee may, at his or her own expense, add extra services or equipment features, as desired.

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.

#### **E. Documentation and Review Requirements:**

The [Allowance Request Form](#) and a copy of the employee's most recent cell phone invoice or cell phone contract must be submitted to Human Resources Department to initiate an allowance. Upon authorization of the allowance by the Human Resources Department, the form will be forwarded to the Business Office for final processing. Changes to an allowance amount are made using the Allowance Request Form.

The Business Office may periodically review, at their discretion, an employee's business-related cell-phone use, to determine if existing cell phone allowances should be continued as-is, changed, or discontinued.

#### **F. Fees for Contract Changes or Cancellations (and associated fees):**

- As the result of the employee's decision, misconduct, or misuse of the phone: If, prior to the end of the cell phone contract, a personal decision, or employee misconduct, or misuse of the phone, results in the need to end or change an employee's personal cell phone contract, the employee will bear the cost of any fees associated. **EXAMPLE:** The employee quits, and no longer wants to retain the current cell phone contract for personal purposes.
- As the result of a OSB/CSB decision (unrelated to employee misconduct): If, prior to the end of the cell phone contract period, a OSB/CSB decision (unrelated to employee misconduct) results in the need to end or change the personal cell phone contract, OSB/CSB will bear the cost of any fees associated. **EXAMPLE:** The employee's supervisor has changed the employee's duties, and the allowance is no longer needed. The employee does not want to retain the current cell phone contract for personal purposes.

## **II. Infrequent Use of Cell Phones for Business Purposes**

If an OSB/CSB employee's job duties do not include the frequent need for a cell phone, the employee is not eligible for an allowance. 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). The individual should make personal payment to the provider, and then should submit a request for reimbursement by completing the Reimbursement Expense Form.

### **Forms**

The following forms are specific to this policy:

1. [The Allowance Request Form](#)
2. [The Reimbursement Expense Form](#)

### **Reasons for the end of OSB/CSB owned cell phone program:**

If a cell phone is owned by the Order of St. Benedict/College of Saint Benedict, IRS regulations subject OSB/CSB, and the cell phone user, to requirements that are impractical to fulfill\*. Requirements include daily logging of all calls (in and out) by the user, with business purpose noted, and the audit of those logs by departmental approvers and Finance Area auditors.

If the phone is personally owned, the employee is compensated for business costs through an allowance (i.e. taxable income). Personal use is allowable and the tracking requirements do not exist.

\*The relevant regulations can be seen here: [1.274-5T Title 26](#). Note that for tax purposes, Cell Phones are considered “listed property.”

### **Transitioning from OSB/CSB owned phones:**

OSB/CSB will no longer purchase new cell phones. However, it has allowed the use of OSB/CSB owned cell phones in the past. Any OSB/CSB employee using such a phone will need to contact the current vendor which supplies that phone to change the contract from a corporate liable account to a personal liable account. If the cell phone that is currently used by the employee is not under a current contract, the employee is able to choose at his/her own discretion which vendor they would like to use. If the current cell phone is still under a contract term, to avoid penalties the employee should remain with that vendor until the end of the contract period.

For those who continue to use OSB/CSB owned cell phones during this time, payment may be made as it is currently being made and all personal calls must continue to be marked and a refund must be submitted for any personal minutes.

### **Institutionally-Purchased Data Phones:**

If it is determined that an employee needs a data phone to access corporate email, contacts, calendar, or documents approval must be given by the presidents. The employee would then purchase the data phone meeting the criteria established by IT Services for connecting to CSB/SJU network services. Upon approval, the individual should contact IT Services for data phone guidelines. The data phone would be placed on an employee personal cellular phone plan. When the employee receives the initial bill for the phone, they can receive reimbursement for the device through Accounts Payable. Data phones are subject to the policy on Storage of Protected Personal Data on Mobile Devices, found at:

[https://sharepoint.csbsju.edu/itservices/kb/Pages/policies\\_storageofprotecteddata.aspx](https://sharepoint.csbsju.edu/itservices/kb/Pages/policies_storageofprotecteddata.aspx) .

Data phones purchased by the institutional remain the property of the institution and if employment ceases, the data phone must be returned to the Human Resources Office during the exit interview.

### **Personally-Purchased Data Phones:**

If an employee is not required to have a data phone but chooses to purchase one and would like to access corporate email, contacts, calendar, etc., they should purchase a data phone meeting the criteria established by IT Services for connecting to CSB/SJU network services. It is important to note that this device is personal and unsupported by the institution. See the following link for more information on data phone criteria:

[https://sharepoint.csbsju.edu/itservices/kb/Pages/wireless\\_handheld.aspx](https://sharepoint.csbsju.edu/itservices/kb/Pages/wireless_handheld.aspx) .

### **Tax issues:**

The employee’s cell phone allowance is taxable income. The business use portion of your cell phone may be used to take an itemized deduction on your tax return, please consult your tax advisor.

### **How Allowance Payment to the Employee will be made:**

Payment will be made per pay period, as an addition to the employee’s payroll check.

Payments will be equally divided among the pay periods.

Note that the allowance does not constitute an increase in base pay, and will not be included in any percentage calculations for increase to base.

**International Travel Usage/Expenses:**

If an employee with a cell phone allowance is required to travel overseas, the additional business cost associated with that overseas travel should be reimbursed by the campus. Employees will need to submit a request for reimbursement to the Account Payable office along with a copy of the cell phone bill. The employee should highlight all of the overseas expenses. This reimbursement is in addition to the allowance amount previously granted to this employee.