



## **Operating Policy and Procedure**

**OP 18.004** Cell Phone Policy

**DATE:** May 17, 2023

**PURPOSE:** This policy is established to define employees who, based on their position or job description, are required to have a cell phone to carry out their College-related responsibilities, the extent of availability required of the employee and the process and procedures to reimburse the employee for the cost associated with acquiring the equipment and cellular service.

**REVIEW:** This OP will be reviewed by December 31 in odd-numbered years by the Chief Financial Officer (CFO) and Chief Information Officer (CIO), with revisions forwarded to the Board of Trustees through the President's Council by the Office of the President.

### **POLICY/PROCEDURE**

#### **1. General Policy**

- a. Kellogg Community College employees that are required to carry a cell phone for College business off campus or outside of normal work hours will be expected to maintain their own personal cell phone and contract and will be offered an allowance to offset the cost of business calls. KCC employees required to carry a cell phone for College business during work hours only may be granted the use of a College-owned, business-only departmental cell phone.
- b. Employees who are required to carry a cell phone for College business must obtain approval from the President or his or her designee to receive a cell phone allowance or business-only departmental cell phone. If authorized to receive a cell phone allowance, it will be included in the employee's pay. If the employee provides documentation to the Finance Department that the allowance amount is less than the cost of having a cell phone, the allowance will be non-taxable. Otherwise, the allowance will be considered taxable. The Finance Department will annually substantiate that the allowance amount does not exceed the cost of having the cell phone, or the allowance will be taxable.
- c. Convenience is not acceptable as the primary criterion for providing a cell phone allowance. An allowance may only be authorized if at least one of the following employee job function criteria is met:
  - i. The job function requires significant time away from the employee's assigned office area and it is important to the College that they are accessible during those times.
  - ii. The job function requires the employee to be accessible outside of scheduled or normal working hours.

- d. If authorized to use a College-owned departmental cell phone, employees will be provided access to a cell phone for business use only and will not receive an allowance. A College-owned departmental cell phone may be authorized for a specific event or on an ongoing basis to support important job functions of the employee. College-owned departmental cell phones will be secured in an office at the end of each day.

## **2. Scope**

This policy applies to all employees who are required to be available to be contacted by the College while away from their office or outside of normal work hours.

## **3. Definitions**

- a. Non-Taxable Fringe Mobile Phone Benefit – cell phone reimbursements meeting the requirements outlined in IRS Publication 15-B.
- b. Taxable Fringe Mobile Phone Benefit – cell phone reimbursements not meeting the requirements outlined in IRS Publication 15-B.
- c. Accountable Plan

## **4. Approval of Business Cell Phone Use**

A request for either a cell phone allowance for a personally-owned cell phone or a College-owned departmental cell phone may be requested using the Cell Phone Request Form that describes the business justification for how the intended use will meet the above criteria. The form must be signed by the employee's Vice President, approved by the President or designee, and forwarded to the Finance Department for processing.

## **5. Determination of Allowance Amount**

- a. A tiered allowance structure will allow reimbursement of the employees' anticipated business-related expenses only. Due to the pace of change in this industry, the CFO and CIO will establish the allowance amounts for each tier on a periodic basis. The allowance amount shall be limited to the cost of having the cell phone under each tier. Any allowance amount paid to an employee that exceeds the employee's actual cost must be reimbursed by the employee. The following guidelines will assist in the determination of the appropriate allowance:
  - i. Tier 1: Light cell phone usage required for business purposes; not used daily or weekly for business purposes; not expected to be available outside of normal business hours
  - ii. Tier 2: Medium or heavy cell phone usage required for business purposes; used at least daily or weekly for business purposes
  - iii. Tier 3: Same as Tier 2, and the employee is expected to be available outside of normal business hours
  - iv. Other: For non-standard cell phone usage and/or those with extra phone services
- b. The employee is responsible for the purchase and maintenance of cell phone equipment and service.

## **6. Payment of Allowance**

The cell phone allowance is paid through Payroll and is included in the employee's check or direct deposit. This allowance is subject to all applicable taxes but does not increase the employee's base salary and will not be included in the calculation of any College benefits.

## **7. Using Cell Phone Service**

- a. Since cell phones used by employees receiving a cell phone allowance are personally owned and maintained, they may be used for both personal and business calls.
- b. College-owned cell phones used as departmental cell phones are only for business use.
- c. Misuse of cell phones, including use in ways inconsistent with College policies or with local, state, or federal laws, will result in immediate cancellation of the cell phone allowance or removal of the College-owned cell phone from employee use and may subject the employee to the College's Employee Code of Conduct Policy.

## **8. Cell Phone Usage Review**

- a. A copy of the completed Cell Phone Request Form must be kept on file with the Finance Department.
- b. By June 30 of each year, a review of cell phone allowances will be completed by Information Services and supervisors to determine if allowances should be adjusted or discontinued. If an employee is terminated, resigns, or is no longer eligible for a cell phone allowance, the employee's allowance shall cease upon the termination date.
- c. Phone bills for departmental cell phones will be reviewed monthly by Information Services to verify business-only use. Departmental cell phone use will be reviewed periodically for any job function changes.

## **9. Roles and Responsibilities.**

- a. President or Designee: Responsible for approval of cell phone allowance.
- b. CFO/CIO: Responsible for review and/or confirmation of approved cell phone allowances and determination of tier allowance amounts.
- c. Finance Staff: Responsible for processing payment of approved cell phone allowances.

**10. Persons/Departments Affected:** Employees who are required to be available to be contacted by the College while away from their office or outside of normal work hours.

## **11. Authoritative References**

- a. IRS Guidance on Reimbursement of Employee Personal Cell Phone Usage in light of Notice 2011-72 (<https://www.irs.gov/pub/foia/ig/sbse/sbse-04-0911-083.pdf>)

**12. Right to Change Policy.** The College reserves the right to interpret, change, modify, amend, or rescind this policy, in whole or in part, at any time, without prior notice.

**13. Approval Date:** May 17, 2023