

Colgate University
Cell Phone and Data Service with Voice
Policies and Procedures
Effective November 6, 2007

Background

A new policy is being initiated for Colgate University's cell phone and data service with voice ("device") program, which will result in each user having both freedom of choice and personal responsibility for her or his cell phone or device plan. It will also enable the university to comply with Internal Revenue Service ("IRS") rules regarding the taxability of employee cell phones and devices.

The IRS considers cell phones to be "listed property." As such, the IRS requires detailed record keeping¹ 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 cell phone or device was mostly used for business purposes. The degree of effort for employees and the university required to comply with these regulations is onerous; therefore Colgate is converting to a program where each eligible employee will receive a taxable allowance for an individually owned cell phone or device. This change eliminates the detailed IRS documentation requirement.

Policy

The university will no longer own cell phones or devices for the use of individual employees with limited exceptions as defined in section (H). Instead, employees whose job duties include the frequent need for a cell phone or device may receive extra compensation, in the form of a taxable allowance, to cover business-related costs. Questions relative to this policy should be directed to Tom O'Neill, Controller, ext 7865.

Procedures

A. Allowance Request

If a university employee's job duties include the frequent need for a cell phone or device, then the employee may be eligible for an allowance to cover associated expenses. To receive such an allowance, the employee must complete and submit either the attached *Cell Phone Allowance Request Form* or the *Data Service with Voice Allowance Request Form*.

Allowances will be paid monthly as part of an eligible employee's paycheck and this monthly cost will be charged against the employee's respective department operating budget. The monthly allowance is taxable income; therefore the individual will be taxed in accordance with IRS tax regulations.

¹ IRS Section 274(d) (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 or benefits based on a percentage of salary, etc.

Under this allowance program, employees will no longer be required to document and submit to the Accounting Office monthly detailed usage logs for their cell phones or devices and employees will no longer have potential adverse tax consequences as a result of the use of a cell phone or device funded by the University. Moreover, since these phones will be the property of the employee, the phones and devices may be used for personal calls and be combined or enhanced with other personal plans.

B. Allowance Approval Process

Supervisors and appropriate senior staff members must approve cell phone allowances. Approval for devices that include a data plan must also have the approval of the Chief Information Technology Officer and the Financial Vice President & Treasurer and/or the Provost and Dean of Faculty. The following criteria may serve as a guideline to identify an employee's need for a cell phone or device and therefore eligibility for the allowance:

- Safety requirements indicate having a cell phone or device is an integral part of meeting the requirements of the job description
- More than 50% of work is conducted off-campus
- Required to be contacted on a regular basis outside normal work hours
- Required to be on-call (24/7)
- Job requirements include critical university-wide decision making

Supervisors are responsible for an annual review of employee business-related cell-phone and device use, to determine if existing allowances should be continued, changed, or discontinued.

The completed Cell Phone or Data Service with Voice Allowance Request form should be submitted to the Accounting Office for review and processing.

C. Termination of Existing University Mobile Accounts

During the transition to the new policy, Colgate will be terminating all existing Colgate voice and data plans except those noted below in section (H). Employees approved for an allowance will have the opportunity to transport their Colgate mobile phone number to a private plan. Any applicable fees associated with terminating University accounts will be paid by Colgate. Colgate will not reimburse employees for early termination fees if employees decide, for whatever reason, to cancel any existing personal accounts. Employees will be allowed to keep the phone or device associated with their terminated University account.

D. Plan Allowance

Employees will be responsible for choosing their own voice or data plan as well as their carrier. Please note that only AT&T and Verizon provide reliable coverage in Hamilton. Because the employee is now personally responsible for the account and the allowance provided is taxable income, the employee may use the account for both business and personal purposes. The employee may also, at his or her own expense, add extra services or equipment features, as desired. The university does not accept any liability for claims, charges or disputes between the service provider and the faculty or staff member. **Recipients of this allowance must notify Colgate of the cell phone number and must continue to maintain the cell phone or device while in receipt of the allowance.**

Employees will also be responsible for choosing their own equipment. As described below, there is no additional allowance for cell phones, since most carriers offer a number of phones free in connection with a new service plan. Employees approved for a data plan will receive a one-time reimbursement for the purchase of a device as described in section (E). Because the employee is now personally responsible for the equipment, any replacement for loss or damage will be at the expense of the employee. Use of the phone or device in any manner contrary to local, state, or federal laws will constitute misuse, and will result in immediate termination of the allowance.

E. Determination of Dollar Amount of Allowance

The dollar amount of the allowance should cover the employee's projected business-related expenses. The allowance levels are the least expensive that provides adequate business-related services. 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 this policy.

Plan	Monthly Payment	One-Time Equipment ²
Cell phones:		
450 Minutes	\$46	\$0
900 Minutes	\$66	\$0
1350 Minutes	\$87	\$0
Data Service withVoice:		
450 Minutes	\$91	\$200
900 Minutes	\$112	\$200
1350 Minutes	\$133	\$200

² The One-time equipment purchase is based on a 2 year contract and is provided at time of new contract (documentation required). Lost or broken equipment will be the responsibility of the employee after initial purchase.

Colgate will pay only the approved allowance amount even if actual monthly costs may occasionally exceed the allowance. If the amount of the allowance subsidy needs to be changed because of documented business purposes, you will need to ask your supervisor to adjust the cell phone allowance and submit a new allowance form.

Charges to Colgate JPMorgan Chase corporate cards or departmental accounts will no longer be allowed for monthly cell phone or device fees or for related equipment purchases.

F. Support for Cell Phones or Devices

Support for cell phones and devices will be provided by the carrier. ITS may provide consultation on the type of equipment to purchase, especially as it relates to devices that enable e-mail and calendar support. Employees who are approved for a data service device should go to computing.colgate.edu and click on the smart phone option for a list of devices known to work with Colgate's Exchange server for e-mail and calendar functions.

G. Fees for Contract Changes or Cancellations

If a University or departmental decision results in the need to end or change the cell phone or device contract, the University 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 by converting it to a personal account, change or cancellation fees will be reimbursed by the department.

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

H. Policy Exceptions

Colgate will continue to provide cell phones and devices to certain employees who require specific equipment or similar technology to perform university functions (e.g. public safety, physical plant, etc.) and never expect to use these phones for personal use. Exceptions must be approved by the Chief Information Technology Officer, the Provost & Dean of the Faculty and the Financial Vice-President & Treasurer. These "excepted employees" will be required to submit to the Accounting Office monthly documentation in the form of a copy of their respective phone usage logs, as shown in the monthly billing statement from the provider, verifying business use. Immediate supervisors will be required to approve all charges, attesting that all calls were business related, by initialing the copy of the usage logs. Failure to keep current with this documentation requirement will result in the employee returning the phone or device to the University.

Colgate reserves the right to switch any employee to the allowance program if excessive personal calls are made or if required documentation is not submitted in a timely manner. If a personal call inadvertently occurs; restitution must be made to the university.

I. Reimbursement for Business Calls on Personal Cell Phone

If a university employee's job duties do not include the frequent need for a cell phone, the employee is not eligible for an allowance or a Colgate provided cell phone. Such employees may request reimbursement for the actual extra expenses of business cell phone calls. Reimbursement for per-minute "air time" charges is limited to the total overage charge shown on the invoice; 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. Business calls while on campus should be made from traditional land-line phones and therefore will not be reimbursed if made on a personal cell phone.

J. Cell Phone Usage while Driving

Use of a cellular telephone while operating a vehicle is illegal in New York as well as some other states and should be avoided as a general practice even if features such as headsets or voice activation are in use. If the driver must use a cell phone while driving on University business, or while driving a Colgate owned vehicle, s/he should stop safely and then make or take the call. There is increasing evidence that the dangers associated with cell-phone use outweigh those of other distractions. Safety experts also acknowledge that the hazard posed by cell phone conversations is not eliminated, and may even be increased, by the use of hands-free sets.

**Colgate University
Cell Phone Allowance Request Form**

Date	
Employee Name	
Banner ID	
Job Title	
Department	
Account Number to charge	
Allowance Amount (from chart below)	

Plan	Monthly Payment	One-Time Equipment
Cell Phones:		
450 Minutes	\$46	n/a
900 Minutes	\$66	n/a
1350 Minutes	\$87	n/a

All allowance payments are charged to your department's budget and considered other compensation. The cell phone allowance will start at the next scheduled monthly pay date.

Appropriate payroll taxes on the allowance amount will be withheld from the paycheck, and the amount of the allowance will be included on the eligible employee's year-end W-2. The 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, benefits based on a percentage of salary, etc.

Employee Certification and Signature:

I certify that I have read, understand, and intend to comply with Colgate's Cell Phone Policy.

Signature and Date

Supervisory Certification and Signature:

I certify that the requested cell phone allowance is needed for this employee and I have read, understand, and intend to comply with Colgate's Cell Phone Policy.

Signature and Date

Please send completed form to Tom O'Neill, Accounting Office.

**Colgate University
Data Service with Voice Allowance Request Form**

Date	
Employee Name	
Banner ID	
Job Title	
Department	
Account Number to charge	
Allowance Amount (from chart below)	

Plan	Monthly Payment	One-Time Equipment
Data Service with Voice:		
450 Minutes	\$91	\$200
900 Minutes	\$112	\$200
1350 Minutes	\$133	\$200

All allowance payments are charged to your department's budget and considered other compensation. The cell phone allowance will start at the next scheduled monthly pay date.

Appropriate payroll taxes on the allowance amount will be withheld from the paycheck, and the amount of the allowance will be included on the eligible employee's year-end W-2. The 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, benefits based on a percentage of salary, etc.

Employee Certification and Signature:

I certify that I have read, understand, and intend to comply with Colgate's Cell Phone Policy.

Signature and Date

Supervisory Certification and Signature:

I certify that the requested cell phone allowance is needed for this employee and I have read, understand, and intend to comply with Colgate's Cell Phone Policy.

Signature and Date

Financial Vice President or Dean of Faculty approval: _____

Please send completed form to Tom O'Neill, Accounting Office.