

Title/Subject: **CELL PHONE ALLOWANCE POLICY**

Applies to:  faculty  staff  students  student employees  visitors  contractors

Effective Date of This Revision: July 1, 2008

Contact for More Information: Payroll and Travel Services

Board Policy  Administrative Policy  Procedure  Guideline

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**BACKGROUND:**

In the past, Central Michigan University has paid for all cell phone contracts that were deemed necessary for business. The IRS takes the position that personal use of employer-paid cell phones, are taxable to the employee as compensation. Documentation would be necessary to determine the portion of personal use on a business phone.

**PURPOSE:**

The purpose of this policy is to establish guidelines for the distribution of an allowance paid to employees for the business portion of personal cell phones. This will save time by eliminating the need to maintain detailed records to substantiate both business and personal use of the service.

**POLICY:**

It is the policy of CMU to reimburse employees for business use of personally owned cell phones. This includes all cell phones (non-contractual prepaid phones and all wireless handheld/mobile devices that require a service contract for operation) that are deemed necessary to perform duties as a CMU employee. Equipment and service that are regularly used for both business and personal purposes are to be employee-owned. This policy allows CMU to efficiently meet Internal Revenue Service (IRS) regulations.

**PROCEDURE:**

*DEPARTMENTAL APPROVAL* - In some instances the use of a cell phone is essential to the ability of an employee to meet the demands of his/her job at the university. In such cases, the employee may request a phone from the appropriate cost center manager. Simple convenience is not a criterion for such expenses. Expenses may be authorized if at least one of the following criteria is met:

1. The job function of the employee (during the employee's normal working hours) requires considerable time outside of the assigned office or work area and it is important to the University that the employee is accessible during this time.
2. The job function of the employee requires them to be accessible outside of scheduled or normal working hours (while at home, out of town, etc.).

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Authority: M. Rao, President

History: No prior history

Indexed as: Cell Phone Allowance; Telephone allowance; Allowance for cell phones; Employee reimbursement for cell phone use

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The department manager will initially determine whether the need for the phone exists and whether funding exists to support the request. Once the manager decides to support the request, he/she must obtain approval of the request from their senior officer.

*PAYMENT FOR SERVICE* - With appropriate business need and departmental approval, allowances for cell phone service will be added to the employee's pay. The allowance shows as a separate line item on the employee's pay statement, paid to the employee bi-weekly or semi-monthly based on their pay cycle.

This allowance does not increase the employee's base salary and will not be included in the calculation of any University benefits.

This allowance is subject to all applicable taxes. Because the allowance is taxable, the actual amount that an employee receives may be less than the selected allowance amount.

Employees receiving an allowance are required to provide their cell phone number to their supervisor and maintain active service for the life of the allowance.

Determination of service allowance amount: *The dollar amount of the service allowance should approximate the employee's anticipated business-related expenses only. It is not the intent of this allowance to pay employees for their personal use of the cell phone.* While the exact amount of the allowance paid is to be determined by (and is left to the discretion of) the employee's supervisor, management may refer to CMU Telecommunication's website at: <http://connect.cmich.edu/> for guidance in selecting a plan.

**Cell phone allowances will NOT be allowed on a federal grant.**

*PAYMENT FOR EQUIPMENT* - The employee is generally responsible for the purchase of cell phones (most basic cell phone service plans provide free phones). Costs for cosmetic or technical cell phones and extras that have no business purpose are the responsibility of the employee.

In those circumstances where advanced cell phone features such as email, internet, calendar integration, or push-to-talk capabilities are **required for business purposes**, approval by the Department Manager (or higher) may be obtained to provide all or part of the funding.

**The CMU Business Credit Card may not be used for this equipment. Employees will need to pay out of pocket expenses and will receive a one-time payroll allowance per the approval on the Cell Phone Allowance Agreement to cover the estimated business related cost of the equipment.**

*DEPARTMENTAL RECORDS* - The original completed [\*Cell Phone Allowance Agreement\*](#) must be kept on file in the employee's department and a copy sent to Payroll and Travel Services.

The employee's supervisor is responsible for an annual review of the business need for a cell phone allowance to determine if allowances should be changed or discontinued. The supervisor is to initial and date the bottom of the agreement form as evidence of this annual review. If an employee is terminated, resigns, transfers, or is no longer eligible for an allowance, the employee's supervisor is responsible for notifying Payroll and Travel Services to discontinue processing future allowances. If the supervisor fails to notify Payroll and Travel Services, their department is responsible for any allowance charges made to their cost center after the employee transfers.

**All cell phone service contracts are to be between the employee and the service provider.** As such, if prior to the end of a service contract, the employee for any reason needs to change or end the service contract, the employee will bear the cost of any associated contract termination fees.

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**Note:** Employees should understand that any business related call records on plans being subsidized by CMU may be subject to FOIA and/or subpoena.

*Central Michigan University reserves the right to make exceptions to, modify or eliminate this policy and or its content.  
This document supersedes all previous policies, procedures or guidelines relative to this subject.*