

Operating Policy and Procedure

OP 48.05: Employee Allowance for Electronic Communication Resources

DATE: September 1, 2009

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish procedures for the payment of an employee allowance for business use of personally-owned Electronic Communication Resources.

REVIEW: This OP will be reviewed in May of each year by the director of Tax Compliance & Reporting and the managing director of Payroll with recommended revisions forwarded through administrative channels to the director of Communication Services, the associate vice president/chief information officer, assistant vice president financial affairs/controller and chief operating officer/senior vice president for administration and finance by June 1.

POLICY/PROCEDURE

1. General

- a. For the purpose of this OP, Electronic Communication Resources refer to a telecommunications device that allows for two-way communication. These include:
 1. Cell Phones
 2. Personal Digital Assistants (PDAs)
 3. Smart Phones (combination of cell phones and PDAs)
 4. Wireless Cards, Tethering, Or Equivalent Service

Any use of an Electronic Communication Resource not listed above will be considered on a case-by-case basis and will be processed as a taxable reimbursement through Payroll Services.

In order to effectively manage University resources, IT support will only be provided for pre-approved Electronic Communication Resources listed at <http://www.texastech.edu/it/commsvs/>.

- b. Texas Tech recognizes that the performance of certain job functions may be enhanced by the provision of Electronic Communication Resources. However, the IRS has recently made assumptive interpretation that Electronic Communication Resources used by an employee is a taxable use. Therefore, as of January 4, 2010, Texas Tech will no longer be providing any Electronic Communication Resources to employees, unless specifically required and approved.
- c. If it is determined that there is a business need for an employee to have an Electronic Communication Resource, a department may provide eligible employees with a

Telecommunication Allowance to supplement the cost of Electronic Communication Resources that the employee personally purchases.

- d. There are two types of Telecommunication Allowances:
 1. Telecommunication Service Allowance to supplement the cost of service for the Electronic Communication Resource. This will be a predetermined amount added to the eligible employee's monthly wages.
 2. Telecommunication Equipment Allowance to supplement the cost of a purchase or upgrade of an Electronic Communication Resource. This will be a predetermined amount added to the eligible employee's wages biennially.

The Telecommunication Allowance will be recorded as additional compensation separate from an employee's base compensation to be included in the employee's gross income and treated as wages for payroll tax purposes.

- e. Since the Telecommunication Allowance is treated as wages, employees and/or departments do not have to maintain any records regarding usage of the electronic communication resource.
- f. The Telecommunication Allowance is intended to reimburse the employee for the business use of their personal Electronic Communication Resources. The intent is not to pay the entire bill, as most may also use such resource for personal needs. The Telecommunication Allowance is not an entitlement; the amount may be changed or withdrawn at any time.

2. Telecommunication Allowance

a. Eligibility

1. A department may provide a Telecommunication Allowance to an employee for use of Electronic Communication Resources if either of the following criteria is met:
 - i. The job requires considerable time outside the office and it is important to the university that the employee be immediately accessible to receive and/or make frequent business communications during those times;
 - ii. The job requires the employee to be immediately accessible to receive and/or make frequent business communications outside of normal working hours.

Eligibility will be reviewed by the department on an annual basis.

2. The Telecommunication Allowance must be charged to funds specified by the employee's immediate supervisor, who must ensure availability of funding. See paragraph 4. below for additional grant funds restrictions. Departmental eligibility criteria can be more (but not less) restrictive than the criteria stated above.

b. Amount

1. The amount of the Telecommunication Service Allowance is as follows:

- i. \$35 per month for voice plans
- ii. \$40 per month for data plans
- iii. \$55 per month for wireless cards

An employee may be eligible for more than one Telecommunication Services Allowance. For example, an employee may receive the voice plan and data plan service allowances if both are required for the job.

2. The amount of the Telecommunication Equipment Allowance for equipment purchase (initial or biennial upgrade) is as follows:

- i. \$50 for cell phones
- ii. \$150 for smart phones/PDAs

The Telecommunication Equipment Allowance may be provided to an employee once every two years. The equipment will be owned by the employee. As such, the university will not pay for activation fees or related charges.

3. The Telecommunication Allowance may not exceed the set amount above without the appropriate vice presidential approval. Documentation for the requested amount (such as previous bills) and the necessity (as opposed to convenience) of the greater usage should be submitted in order to demonstrate the need for a higher allowance.

c. Procedure and Responsibilities

1. The Telecommunication Allowance must be approved through normal processing approval channels established for each department for salaries and supplements.

2. The employee may select any wireless carrier whose service meets the requirements of the job responsibilities.

3. The employee is responsible for all charges, including early termination fees, international calls, and replacement/repair costs. If the employee leaves the position or no longer requires the service, the employee continues to be responsible for the contractual obligations of his/her service plan.

4. Loaner Electronic Communication Resources may be available for checkout by eligible employees through Communication Services specifically for international travel where the charges can be billed directly to the department.

5. The department is required to discontinue the Telecommunication Allowance when any of the following occur:

- i. The eligibility criteria listed in paragraph 2(a) above are no longer met,

- ii. The service is cancelled, or
 - iii. The employee leaves the position or no longer requires the service.
6. Wireless transmissions are inherently not secure and employees should use discretion in relaying confidential information over wireless devices. For more information, refer to the Texas Tech University IT Portable Computing Policies. When either the Telecommunication Allowance terminates, or the employee-owned Electronic Communication Resource are replaced or no longer used for university business purposes, the employee must erase all university information stored in memory.
 7. It is the employee's responsibility to comply with state and municipal laws regarding the use of cell phones, smart phones, and PDA devices while driving.

3. Exceptions -- University-Provided Electronic Communication Resources

- a. The university may continue to purchase and provide Electronic Communication Resource and service plans for certain employees or groups of employees where it would be impractical for the employees to receive an allowance or due to security needs or other operational considerations. Exceptions to this Operating Policy/Procedure will require approval by the chief operating officer/senior vice president for administration and finance and director of Communication Services.

Such exceptions might include the following:

1. Emergency workers, including police, fire, and environmental health and safety;
2. Facilities personnel who share cell phone equipment while on duty and other arrangements involving shared equipment use. In such cases, cell phone equipment should not be assigned to a specific individual or taken home on a regular basis;
3. Research personnel who use portable devices as data collection devices or for similar research purposes; or
4. Athletics (to meet NCAA requirements).

All approved exceptions must utilize the Texas Tech contracted vendor (currently AT&T.)

- b. Requests for an exception must be submitted by the department on a *University-Provided Wireless Device Request Form* (<http://www.texastech.edu/it/commsvs/>).
- c. Where an exception has been approved, employees with a university-provided Electronic Communication Resource must document the business and personal use of the device in accordance with the Internal Revenue Code (IRC) Sec. 274(d)(4), 280F and related Treasury Regulation substantiation rules. Records documenting the business and personal use of the equipment must be maintained by the department and made available for internal or external audit, upon request.

1. The required documentation for each business call would include:
 - i. The name of the individual called;

- ii. The individual's association with the university; and
 - iii. The business purpose of the call.
2. No personal usage is allowed on university-provided Electronic Communication Resources.
- i. The Electronic Communication Resource holder and fund managers should review the monthly bills of university-provided Electronic Communication Resource to ensure that there was no personal usage. A written certification is required stating the monthly bill has been reviewed to identify business and personal use.
 - ii. Inadvertent or emergency personal calls, including international calls, texting (SMS/MMS), long distance, roaming, and overage charges must be reimbursed on a prorated allocation of the monthly bill in accordance with TTU OP 48.04.
 - iii. The use of university-provided Electronic Communication Resources for private commercial or consulting purposes is not allowed.
 - iv. Abusing the use of university-provided Electronic Communication Resources will result in the suspension of privileges.
- d. Communications Services will keep *University-Provided Wireless Device Request Forms* on file and available for internal or external audit.

4. **Special Rules for Grant Funds**

- a. Only "direct costs" can be charged to grants and contracts. As such, the Telecommunication Allowance cannot be charged to grant funds. The options in such a case are:
 1. Charge the Telecommunication Allowance to a non-grant fund, or
 2. Charge a university-provided cell phone service plan to the grant fund (see paragraph 3 above for requirements); provided, however, that only calls directly related to that specific grant (and no other business or personal calls) are allowed. This option must be approved by Sponsored Program Accounting and Reporting and under no circumstances may equipment purchases be charged to grant funds.