

Technology Allowance Policy

Frequently Asked Questions and Answers

Version 10/03/08

1. What are the responsibilities of the department in setting up a technology allowance for an employee?

The department is responsible for the following:

- Determining whether the employee's position requires a communication device or remote internet service based on his or her job duties and responsibilities;
- Determining whether the employee meets all eligibility requirements defined in section c).
- Completing the Request for Technology Allowance form along with the HR Special Compensation Payment form. The Request for Technology Allowance form and a copy of a monthly statement must be attached to the Special Compensation Payment Form. Obtain required signature approvals for each form. Approvals via workflow are acceptable.
- The department must review prior billings to confirm monthly usage for initial and on-going eligibility;
- Authorization for supplemental compensation must be reviewed and renewed at least annually and must be authorized by a Dean, DEO or VP or their designee; and
- Terminating the monthly allowance payments to the employee upon termination, transfer, device inactivation or when the device is no longer required as part of the employee's responsibilities.

2. What are the responsibilities of the **employee in receiving** a technology allowance?

University employees who qualify for and receive supplemental compensation will be responsible for:

- Acquiring and maintaining their equipment;
- Paying all amounts due as agreed between the employee and service provider;
- Providing the University department with the current access number of the communication device within five working days of activation;
- Notifying the department within five working days of inactivation of the device. An employee is prohibited from continuing to collect a monthly allowance when the device is no longer active or needed for the performance of the employee's job responsibilities;
- Notifying the department within five working days of the selection of a cellular phone plan at a significantly lower amount;
- Contracts entered into by qualifying employees will be **personal** contracts that are the responsibility of the employee, not the University; and
- Confirming in writing that the University has no obligation or makes no guarantees with respect to such service contracts and is not obligated to continue payment for any reason.

3. For those individuals who do not qualify to receive a stipend under **section d) Special Situations**, are the responsibilities different for the department and employee?

Yes, they are different:

Employees must:

- Keep a separate log of incoming and outgoing calls.
- This log must be compared to the detailed bill provided by the vendor.
- Employees should not make any personal calls.
- If personal calls are made, this is considered a direct violation of the University policy. Violations can be subject to disciplinary measures. If personal calls are made, the employee must reimburse the department at the plan's per minute rate or the actual cost of the call, whichever is greater.

Department responsibilities:

- Monitoring and reviewing the monthly bills for personal calls;
- Seeking reimbursement for personal calls at the plans per minute rate or the actual cost of the call, whichever is greater;
- Maintaining documentation that the monthly bills have been reviewed and reimbursement received for personal calls.

4. Can technology allowance stipends be paid for on funds 500 and 510?

No. Stipends can not be a paid on these funds. Please see Grant Accounting for exceptions to the policy.

5. How do I determine an appropriate amount to be paid as a monthly stipend allowance?

Departments should determine the amount of the reimbursement based on the percentage usage of the device for business. If the employee currently has a departmental phone, the current cost may be a good basis for the allowance. A copy of a monthly bill must be attached to the Special Compensation Form.

6. What form do I fill out in the HR Transaction system?

Department Procedure:

a) Please work with your HR representative to initiate this process. Request for Technology Allowance form (paper form) must be filled out for each eligible employee

(This eform is located at <http://www.uiowa.edu/~eforms/ap/ap.htm> and also at AP web pages http://www.uiowa.edu/~fusap/ap/Documents/Request_for_Technology_Allowance.pdf.)

1. The actual cost of the employee's individual plan must be documented with a copy of the bill.
2. Cell phone and Internet access request may be on the same form for each employee.

b) HR Special Compensation Payment form (SpCom-Reimb.Comm.Device and SpCom-Remote.Inet must be completed for each individual for a 12 month period to be paid monthly. The HR Special Compensation Payment form is available in the HR transaction system on line through self service. On the payment form, enter this key information: 01/03/08

1. The effective date and end date of the 12 month period to be covered.
2. Payment Schedule - create 12 payment dates, starting with the first of the month following the effective date. (example: with a January effective date, the first scheduled payment will be February 1st.)

c) Scan and attach the approved Request for Technology Allowance form and a copy of the monthly service bill to the HR Special Compensation Payment form and route for workflow approvals

7. Can departments wait until a contract has ended to switch the contract to the employee?

No, this policy goes into effect October 1st and mandatory conversion by January 1, 2008. Vendors will allow contracts to be switched to the employee without a penalty. If a contract needs to be cancelled and there is a penalty for early cancellation, departments may pay for the penalty.

8. Can the employee use the device that was purchased by the University or does the employee need to purchase a new device?

The employee can continue to use the University device for as long as they are eligible for a technology allowance. Should the employee no longer need the allowance, the device must be returned to the department. Old phones should be turned into University surplus.

9. Where may I find IRS information on employee use of cell phones?

The IRS has employee cell phone information on their web site at:
<http://www.irs.gov/govt/fslg/article/0,,id=167154,00.html>.

Current IRS Rules on Employer Provided Cell Phones

The IRS views employer provided cell phones as a taxable fringe benefit if the personal and business use cannot be separated out and substantiated. Thus all undocumented use of a university provided cell phone is considered personal and should be taxed as wages to the employee, even if most of the calls are business calls. While the IRS provides for a “no personal use” or a “de minimis personal use” exception from substantiation for vehicles, no such clear exemption is provided for cell phones. Personal calls included in the base plan must still be documented and reimbursed or

reported as wages. The fact that these minutes are in the base plan does not change the nature of the minutes from a personal to business use.

10. How will technology allowances be reported to the IRS?

The salary allowances will be reported on the employees' W-2s and be subject to withholding taxes. These salary allowances will not be considered for retirement calculation purposes.

11. If the employee's monthly rate goes up or down can the department change the amount of the allowance during the year?

Changes will not be allowed until the current special compensation time period has expired. If the contract has less than 12 months remaining, the allowance should coincide with the remaining length of the plan. For example, if there are only 8 months left on the current contract, the department should authorize an allowance for 8 months. Then when it comes time to renew, the department can authorize an allowance for 12 months.

12. The policy applies only to Professional, Scientific & Faculty employees not covered by a specific collective bargaining contract. Does that include those covered under the SEIU contract?

SEIU Employees are not eligible to receive the technology allowance.

13. Can a department authorize a stipend for less than 12 months if the department wants to pay for services on a short term basis?

Yes.

14. If an employee terminates, will the department be required to void the special comp form and do a revised form?

Information Management will run queries monthly and automatically terminate the remaining extra comp payments. However, it is the department's responsibility to run the appropriate reports to determine that the special compensation will no longer be paid. Additionally, the department will be charged for uncollected overpayments.

15. Will there be a special IACT set up for these payments? 11/16/07

Yes. These IACT's will default in the form.

5014 is for faculty
5214 is for P & S

16. If an employee qualifies for both a cell phone and Internet access can the approval for both be processed on one Request for Technology Allowance form? 01/03/08

Yes. However, separate Special Compensation Forms must be completed, one for cellular devices and one for remote internet.

17. Who may approve the Request for Technology Allowance form?

Approval may be given by the Dean, Department Head or VP or their designee.

18. Do eligible employees have to complete a new Request for Technology Allowance Form every year?

Yes, the approval is only valid for 1 year from the approval date.

19. Will the employee be responsible for acquiring and maintaining the equipment?

Yes.

20. Are there any circumstances where an employee may be reimbursed for the cost of the equipment for a cell phone or PDA? 10/03/08

Departments may make a one-time taxable payment to the employee through the payroll system not to exceed the actual documented cost of the cellular device only. When applicable, these types of reimbursements may not be made more than once every two years. In all cases, the employee assumes ownership and all maintenance responsibility for the equipment. Lost or stolen phones will not be reimbursed. Additional equipment such as batteries, holders, memory and charges are not normally allowable.

21. How does the department address a situation where an employee traveling with personal cell phone on UI business wants reimbursement for minutes used conducting UI business? The minutes used did not cause the employee to exceed their monthly minute plan. What does the department do if the employee wants reimbursement for a percent of their personal bill?

The University can only reimburse the employee for additional documented costs incurred by the employee in making such calls. In such cases where the monthly minute plan is not exceeded no reimbursement is due.

22. Can the amount of the allowance be "grossed up for taxes"?

No, the amount of the allowance should not include an amount for income taxes.

23. Does remote access apply to The University Remote Access service or to internet service purchased during travel situations?

No, this policy does not apply to either of these situations.

24. Can a merit employee be reimbursed for home internet usage on an exception/emergency basis?

Generally a merit employee can not be reimbursed on an exception/emergency basis. The exception would have to be based on ADA exceptions or on approval from University HR.

25. If an employee is not eligible per the policy to receive a stipend, can they still be reimbursed for business calls?

Employees who do not qualify for the supplemental compensation may submit a reimbursement request for occasional, incremental business expenses. Incremental business expenses are those calls that result in additional costs that are above and beyond the employee's normal calling plan (e.g., excess minutes, roaming charges).

When requesting reimbursement, the telecommunication expenses incurred by employees must be additional (incremental) costs, and must be substantiated and documented with a copy of the bill in accordance with University policy and applicable federal and state laws and regulations.

An example of a bona fide policy exception would be occasions where employees are traveling for University business and make calls to home or work that involve roaming charges. The University may reimburse those employees for their additional out of pocket roaming charges.

26. Can TrakFones be used under a pooled minute plan?

No. TrakFones do not provide an itemized log of calls making it impossible to review and document the bill distinguishing between personal and business calls.

27. Can TrakFones be reimbursed under an extra compensation arrangement similar to US Cellular, Verizon or other cellular phone plan? 11/16/07

Yes. This is the only way TrakFones can be paid for and used. TrakFones should be set up as one time stipend for the phone followed by individual stipends for the purchase of additional minutes, and **not** as a monthly stipend.

28. How is this policy beneficial to University Employees?

Employees, who typically carry two communication devices, one for personal and one for business, can now eliminate the second device and should save money on their personal plan. The employee does not need to keep track of the personal versus business calls.

29. How is this policy beneficial to the University?

The Internal Revenue Services is currently auditing Higher Educational Institutions for communication device usage to review policies and determine if there is personal usage of institutionally provided communication devices. Institutions that have not been treating personal usage as taxable income have had to pay significant fines. This policy should align our institution with the IRS regulation related to communication device usage.

In addition, the amount of paper work and audit of communication device usage will be decreased from a monthly review and payment, to an annual process.

30. The Open Records law currently applies to University owned contracts. Will my personal phone now be subject to open records since I am using it for business? 11/16/07

Since the University is compensating you for the business use of your phone, you should expect that the records involving your business use of your phone would be subject to open records requests. To the extent you use your phone for personal use as provided by Operations Manual §V-11.23, the University would expect (but could not absolutely guarantee) that those records ordinarily would not be subject to open records requests. In the event an actual lawsuit would be filed, all phone records could be subject to discovery and disclosure.

31. If the individual has a family plan, is the cost determined by dividing the total plan cost by the number of phones. 11/05/07

We will allow a stipend up to the actual cost of the main phone line to which the additional lines are associated.

32. Are there any exceptions to this policy for staff using the communication device or internet for 100% business? 11/05/07

There are **no** exceptions for 100% business usage.

33. Since the policy is not mandatory until 1/1/08, can the department still purchase a phone/pda for the staff member at this time instead of the staff member purchasing and being reimbursed? 11/06/07

No, the policy is in effect and relates to all new acquisitions. The only reason there is a delay is because of the time it takes to convert the policy to an individual plan.

34. With the contract we currently have, it includes email and text messaging. How do those expenses "fit in" with the new policy regarding reimbursement? 11/06/07

If text messages are required by the employee's position, you can make a case that the cost should be considered as part of the stipend.

35. Are there restrictions on the type of equipment that may be purchased that would qualify for reimbursement? For example, could a staff member

purchase an iphone and be reimbursed even though it provides other uses beyond being a cell phone? This has come up especially since the new contracts are considered “personal” and folks are looking for “all in one” devices to carry. 10/03/08

iPhones are now an allowable device through the technology allowance policy.

36. Can the department still pay for the wireless internet cards directly?
11/08/07

Wireless cards that are provided to specific individuals are included in this policy. The University contract must be switched to the individual. The department may provide a stipend to qualifying employees for the service.

37. Can the department pay for the data service on PDA's or Smartphones directly? 11/08/07

Data only service for PDA's or Smartphones are covered by this policy and must be converted to a stipend for the employee.

38. Can the department pay for a PDA without service directly? 11/08/07

The cost of the PDA must be paid for through a stipend using the **HR Special Compensation Payment form**.

39. Our department has a cell phone that is available for check out for travel purposes. Can we continue to pay for this cell phone directly? 11/08/07

Department phones currently used for travel only should be cancelled. The University has a service for long distance calling cards through Telecommunications. Individuals traveling should request a card for such purposes.

40. Can the department pay for prepaid phone cards directly? 11/08/07

Prepaid phone cards are covered by this policy and must be converted to a stipend for the employee. University has a service for long distance calling cards through Telecommunications. Individuals traveling should request a card for such purposes.

41. Define departmentally owned contracts with pooled minutes. 11/08/07,
01/08/08

The pooled minute plan will apply when the department continues to own the phone plan. This is **limited** to situations where the department owned phone(s) rotates amongst employees who are covered by a bargaining unit and are on-call duty or serving on a rotating shift. In addition, employees covered by

bargaining unit are not eligible for a stipend because of labor agreement rules and will continue to be handled through a department-owned phone contract paid directly by the University. Departments must track when an employee is in possession of each department owned phone. Each employee must keep a separate log of the incoming and outgoing calls. This log must be compared with the the monthly phone bill to identify all business or personal calls made while the phone is in their possession.

Phones belonging to specific individuals cannot participate in a pooled minute plan. Ownership of the individual phone plans must be transferred to the employee. If the employee is eligible, they may receive a stipend subject to the requirements of the Technology Allowance Policy.

42. Is an iTouch an allowable purchase for internet access? 01/03/08

The iTouch is primarily a personal music and video device. It does access the internet, but is not meant to replace individual PC's or PDA's. Due to the newness of this product, the purchase of this device is generally prohibited. Justification for such a purchase must be requested in advance.

43. How does this policy apply to Merit Exempt employees? 07/01/2008

Yes, Merit Exempt employees fall under the technology policy and are required to receive a stipend.

44. If for any reason the department decides during the two-year contract that the staff member no longer must carry a cell phone for business, can the department pay any penalties incurred by the staff member when he either 1) decreases his monthly minutes for lack of the business requirement or 2) cancels his contract all together. 01/03/08

The University is not responsible for the penalties incurred in either of these situations.

45. Can accessories and insurance be part of the stipend or be reimbursed? 01/14/08

Monthly insurance is the personal choice of the employee and can not be paid for by a stipend or reimbursed.

Accessories are the personal responsibility of the employee and can not be paid for by a stipend or reimbursed.

