Effective July 1, 2009

LAFAYETTE COLLEGE
Cell Phone/PDA Allowance Policies and Procedures

Background
A new policy is being initiated for Lafayette College’s cell phone or PDA (“device”) program, which will result in each user having the benefit of freedom of choice and the personal responsibility for her or his cell phone or device plan. It will also enable the College to comply with Internal Revenue Service (“IRS”) rules (IRS Section 274(d) (4)) regarding the taxability of employee cell phones and devices.

Because of its treatment of cell phone and devices, the IRS requires detailed record keeping 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 use which does not have the supporting records 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 College required to comply with these regulations is onerous; therefore Lafayette is converting to a program where each eligible employee will receive a taxable allowance for an individually-owned cell phone or device. This change generally eliminates the detailed IRS documentation requirement.

Policy
Effective July 1, 2009, the College will no longer own cell phones or devices for the use of individual employees with rare exceptions (as defined later in this policy). Instead, those employees whose job duties specifically include the frequent need for a cell phone or device may receive extra compensation, in the form of a taxable allowance, to cover such business-related costs. Questions related to this policy should be directed to the Director of Finance and Business Operations at ext 5957.

Procedures
A. Allowance Request
If a College employee's job duties specifically 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 Cell Phone Allowance Request Form OR the PDA with Voice Service Request Form first to their Divisional Vice President and then second to the Vice President for Business Affairs and Treasurer. Allowances will be paid monthly as part of an eligible employee's paycheck by the Controller’s Office, and this monthly cost will be charged directly against the employee’s respective department operating budget under the purview of the applicable divisional Vice President or Provost. The monthly allowance is taxable income; therefore the individual will be taxed in accordance with IRS tax regulations. Although it is deemed taxable compensation, this monthly 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 in relation to retirement contributions or other benefits that are based on a percentage of salary. Under this allowance program, the phones will be the property of the employee and the phones or devices may be used for personal calls and be combined or enhanced with other personal plans or individual applications.

B. Allowance Approval Process
Divisional vice presidents must approve cell phone and PDA allowances. Approval for devices that include a data plan (PDAs) must also have the approval of the Vice President for Business Affairs and Treasurer. Only those employees with a specific and frequent business need for the cell phone or device are eligible. To be eligible, the use of the cell phone or PDA by the employee must be for the benefit of the College rather than simply convenience. Simple convenience does not meet the eligibility requirements in order to receive a cell phone or device allowance. 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 College-wide decision making
It is the department manager’s and the divisional vice president’s responsibility to review cell phone needs in his or her department or division annually to determine if the allowance should be continued, changed or discontinued or if new allowances are needed. The Controller’s Office will request recertification of cell phone allowances at the end of each fiscal year. The divisional vice president and/or the Controller’s Office may periodically request that the employee provide a copy of the first page of the service provider’s bill in order to verify that he/she has an active cell phone contract and that the allowance is still appropriate.

C. Termination of Existing University Mobile Accounts
As of July 1, 2009, Lafayette College will be terminating all existing College voice and data plans except those noted below in Section H. Employees approved for an allowance will have the opportunity to transfer their College-owned mobile phone number to a private plan. Any applicable fees associated with terminating the College’s existing accounts will be paid by Lafayette. Lafayette will not reimburse employees for early termination fees if employees decide, for whatever reason, to cancel any existing personal accounts. Employees who currently have a College-owned device AND who are approved to receive an allowance under the new plan will be allowed to keep the phone or device associated with their terminated College account. Employees who currently have a College-owned device and who do not qualify for an allowance under the new plan should return their device to Ed Bonilla in the ITS Department no later than July 1, 2009. If your carrier needs permission from the College to transfer the existing device or phone number from the College’s account into your personal account, please contact Kari Fazio (faziok@lafayette.edu) with all of the detailed instructions of what you need no later than June 15, 2009.

D. Plan Allowance
Employees have the enhanced flexibility and the responsibility of choosing their own voice or data plan as well as their carrier, although consideration should be given to which carrier and plan will provide the most reliable coverage in the areas in which the employee is expected to be for business use. 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 discretion and expense, add extra services or equipment features, as desired. The College cannot accept any liability for claims, charges or disputes between the service provider and the employee. Recipients of this allowance must notify Lafayette of the cell phone number and must continue to maintain the cell phone or device while in receipt of the allowance. If an employee is no longer in a position which requires the use of the cell phone or device for business purposes, that fact must be reported to the Controller’s Office within one week so the allowance can be appropriately discontinued.

Employees will also be responsible for choosing their own equipment. However, to be eligible for the PDA with Voice allowance, the employee must select a device that is listed on the ITS website which indicates those devices that are most compatible with the College’s systems. Please refer to paragraph F below.

As mentioned above, those employees who are under the existing plan will also be allowed to keep their existing devices as their own and can use them if they desire or they may purchase a new device of their own choice. The existing device will be given free of charge to the employee. People newly eligible for the allowance plan will not receive any allowance for the initial purchase of cell phones since most carriers offer a number of phones free in connection with a new service plan or those employees may also have an existing phone. Employees approved for a data plan may receive a one-time reimbursement for the purchase of a device of up to $150, only if it is approved by their divisional vice president and the Vice President of Business Affairs and Treasurer. To qualify for the one-time or ongoing allowance, the data device must have the feature(s) the ITS department has determined are necessary to connect to the College’s e-mail and calendar systems. Those features are provided in Section F below. Because the employee is now personally responsible for the equipment, any replacement for loss or damage or simple preference is 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 is intended to cover only the employee's projected and reasonable business-related expenses and usage. Personal expenses or add-on features are at the option of the employee and are not intended to be covered by the monthly allowance. 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 divisional level, but must be within the guidelines and dollar limits established under this policy. At the sole discretion of the College, the maximum allowances paid are subject to change, whether increase or decrease, over time. Announcements of any changes will be posted on the Business Affairs section of the College’s web page.
Plan Maximum Monthly Allowance as of 7/1/09

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<tr>
<th>Plan</th>
<th>Maximum Monthly Allowance as of 7/1/09</th>
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<tbody>
<tr>
<td></td>
<td>CELL PHONE ONLY</td>
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<tr>
<td></td>
<td>PDA WITH VOICE</td>
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<tr>
<td>Standard required usage: 200-450 minutes</td>
<td>$30</td>
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<td></td>
<td>$70</td>
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<tr>
<td>Frequent required usage: 451-900 minutes</td>
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<tr>
<td>Heavy required usage: 901-1350 minutes</td>
<td>$70</td>
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<td></td>
<td>$110</td>
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<tr>
<td>Requiring President’s Approval: More than 1350 minutes</td>
<td>$90</td>
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Lafayette will pay only the approved allowance amount to the individual even if actual monthly costs exceed the allowance for a given month. However, if direct business usage typically exceeds the stated monthly allowance and, as such, the allowance subsidy needs to be increased because of such documented business purposes, you may request approval for a higher monthly allowance amount through your divisional vice president by submitting a new allowance form at any time.

In determining the schedule of allowance amounts, the effect of taxes on the monthly payment has been incorporated by the College in establishing the thresholds indicated above and additional compensation related to tax consequences is not possible.

*Charges to Lafayette’s Purchasing Card, corporate credit cards, or departmental accounts will not 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. Lafayette’s ITS department can provide consultation on the type of equipment to purchase as it relates to devices that enable e-mail and calendar support. Employees who are approved for a data service device should ensure that the device they purchase works compatibly with Zimbra, the College’s e-mail and calendaring system. Prior to purchasing a device, please check the ITS Department’s website for the most current information about what devices are compatible: [http://its.lafayette.edu/help/smartphones](http://its.lafayette.edu/help/smartphones).

**G. Fees for Contract Changes or Cancellations**

If a College decision results in the need to end or change the cell phone or device contract, the College 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 solely for personal use, in this circumstance, any applicable change or cancellation fees will be reimbursed by the department if documented by the employee.

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 allowance, the employee will bear the cost of any fees associated with that change or cancellation of the service.

Upon separation from the College the cell phone allowance will terminate the first of the month following the date of termination.

**H. Policy Exceptions**

Lafayette will continue to make cell phones and devices available to certain employees in very limited or rare circumstances, for example when specific equipment or similar technology is required to perform College functions (e.g. public safety). Other than in true emergency circumstances, College-owned phones are not to be used for personal use. College-owned phones may also rotate among on-call staff and are typically not assigned to any one individual. In these cases, the equipment purchased remains the property of the College. Supervisors or their designee must review the monthly bills of College-provided cell phones to ensure that no personal calls were made. The inadvertent or emergency personal call should be reimbursed to the College in a timely manner.

Exceptions like those described herein must be approved by the divisional vice president as well as the Vice President of Business Affairs and Treasurer. These “excepted employees” will be required to submit to the Controller’s 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 may result in the employee returning the phone or device to the
The College 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.

**I. Reimbursement for Business Calls on Personal Cell Phone**

If a College employee's job duties do not include the frequent need for a cell phone, the employee is not eligible for an allowance or a College-provided cell phone. As is current practice, 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 charge shown on the invoice. 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 may not be reimbursed if made on a personal cell phone.

**J. Cell and Device Phone Usage and Safety**

Misuse of the phone, that is, using it in ways inconsistent with College policy or with local, state and federal laws will result in the cancellation of the cell phone allowance. Employees receiving a College cell phone allowance must comply with state and municipal laws regarding the use of cell phones while driving and prevent cell phone usage that jeopardizes employee safety.

Use of a cellular telephone while operating a vehicle is illegal in some states or jurisdictions 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 Lafayette business, or while driving a Lafayette-owned or rented 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 exceed those of other driving distractions. Safety experts also acknowledge that the hazard posed by cell phone conversations is not eliminated by the use of hands-free sets. Please refer to the College’s existing cell phone policy which can be found at: [http://www.lafayette.edu/community/cell_phone.html](http://www.lafayette.edu/community/cell_phone.html). The safety and well-being of the College’s employees and others on the road is of paramount importance to the College and the prudent use of cell phones is reconfirmed and emphasized with the adoption of this policy.

Employees should also use discretion in relaying confidential information over cell devices since cell phone transmissions are not secure. E-mail transmissions may be similarly not secure and personal or confidential information should not transmitted via e-mail or through the PDA devices.

**K. Questions**

As you know, there are exciting new, smart phones and PDAs on the market and there should be many good choices from which to choose. If you have any questions during this transition period or otherwise, please contact:

- Regarding this Cell Phone and PDA Allowance Policy: Kari Fazio at ext. 5957, or
- Regarding taxable compensation and treatment in paystubs: Jill Snyder at ext. 5139, or
- Regarding systems and synchronization: John O’Keefe at ext. 5161, or
- Regarding eligibility: your divisional vice president.