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**Category: HUMAN RESOURCES**

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**SMARTPHONE STIPEND POLICY****I. PURPOSE**

- A. SVCE recognizes that the performance of certain job responsibilities may be enhanced by or may require the use of a smartphone. The IRS considers these devices to be "listed property." As such, IRS regulations (IRS Section 274(d)4) require detailed record keeping including (a) the amount of the expense, (b) the time and place of the call, and (c) the business purpose for the call. The IRS can declare that all undocumented use of a smartphone is personal and should be taxed as wages, even if the majority of the calls are for business purposes.
- B. In order to comply with IRS rules regarding the taxable nature of cell phone usage by employees, SVCE will issue a smartphone stipend for those employees who hold positions where the duties of that position require the use of a smartphone. The benefits of such an approach include:
- i. A call log is not required;
  - ii. Monthly reporting is not required;
  - iii. A single phone may be used for both personal and business purposes;
  - iv. The stipend will not be considered taxable income.

**II. SCOPE**

This policy applies to all SVCE employees who will be receiving a stipend for their personal smartphone.

**III. POLICY**

- A. Employees who hold positions that include the need for a smartphone (see eligibility criteria below) may receive a stipend to compensate for business related costs incurred when using

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their individually-owned smartphone. SVCE will not own smartphones for the use of individual employees

- B. Employees who desire to use their smartphone for SVCE business shall configure Office 365 to work with either the Outlook App or the native email app. Prior to leaving the employment of SVCE, the employee will be required to delete all Office 365 data from their smartphone.

**IV. ELIGIBILITY**

- A. Employees whose job duties include the frequent need for a smartphone may receive extra compensation, in the form of a monthly stipend, to cover business related costs. An employee is eligible for a personal phone stipend if at least one of the following criteria is met:
  - i. The job function of the employee requires considerable time outside of his/her assigned office or work area and it is important to SVCE that s/he is accessible during those times;
  - ii. The job function of the employee requires him/her to be accessible outside of regularly scheduled or normal working hours where time sensitive decisions/notifications are required;
  - iii. The job function of the employee requires him/her to have wireless data and internet access.

**V. STIPEND PLAN:**

- A. If an employee meets the eligibility requirements for a smartphone, as outlined above, a stipend may be requested in writing through their supervisor.
- B. Once approved, the stipend amount will be added to the employee's regular pay. In order to meet IRS guidelines, any amount added for smartphone service will be identified as a non-

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taxable benefit.

- C. The stipend will be paid as a flat rate per month.
- D. The stipend allowance is neither permanent nor guaranteed. SVCE reserves the right to cancel the stipend for business reasons.
- E. The amount of the stipend is \$50 per month.
- F. If an employee's job duties do not include the need for a smartphone, the employee is not eligible for a stipend.
  - i. Such employees may request reimbursement for the actual extra expenses of business calls on their personal phone.
  - ii. Reimbursement documentation should identify the business purpose.

**VI. EQUIPMENT PURCHASE**

SVCE will not pay for the purchase of personal smartphones, activation fees or insurance.

**VII. OVERSIGHT**

- A. The department head is responsible for overseeing employee smartphone needs and assessing each employee's continued need of a phone for business purposes.
- B. The Chief Executive Officer will have the final approval authority.
- C. Support from SVCE's Information Technology contractors is limited to connecting a personally-owned smartphone to SVCE-provided services including email, calendar, and contacts.

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**VIII. EMPLOYEES RIGHTS & RESPONSIBILITIES**

- A. The employee is responsible for purchasing a smartphone and establishing a service contract with the cell phone service provider of his/her choice. The contract is in the name of the employee, who is solely responsible for all payments to the service provider.
- B. Because the smartphone is owned personally by the employee, the stipend provided is not considered taxable income and the employee may use the phone for both business and personal purposes, as needed.
- C. SVCE does not accept any liability for claims, charges or disputes between service provider and the employee.
- D. Any smartphone that has data capabilities must be secured based on current security standards including password protection and encryption. If a smartphone with data capabilities is stolen or missing, it must be reported to the employee's supervisor as soon as possible.
- E. Employees are expected to delete all SVCE data from the smartphone when their employment with the agency ends, except when required to maintain their data in compliance with litigation hold notice. The departing employee will allow the SVCE Information Technology representative to verify all Office 365 data has been deleted from the device. In the event that SVCE cannot verify that the data has been deleted, SVCE may remotely delete all the Office 365 data from the mobile device.