

# Standard Practice Guide Policies

## Tech Tools: Cell Phones and Portable Electronic Resources

514.04

**Applies to:** Faculty and Staff

**The version of this policy below will be effective on January 1, 2025. The current policy is attached as a PDF.**

### I. OVERVIEW

This SPG provides guidance regarding university-funded technology tools such as cell phones and other portable electronic resources for faculty and staff as defined below. When the university is paying for cell phones and other portable electronic resources, employees must ensure that these devices are used prudently to support the teaching, research, public service, and patient care missions of the university. University resources must not be misused to subsidize employees' personal expenses.

This policy promotes prudent fiscal practices across the university, but also allows each unit the reasonable flexibility to provide cell phones and other portable electronic resources to employees when there is a legitimate business need. Units may establish more restrictive procedures than those outlined in this SPG, but should balance any efforts to economize against additional administrative burden on faculty and staff. This policy is also intended to protect the University and its employees from tax liability by ensuring compliance with the Internal Revenue Code (IRC) and its corresponding regulations.

### A. TYPES OF PORTABLE ELECTRONIC RESOURCES

This policy covers portable electronic resources that feature wired and wireless telecommunication and data services, including cell phones, portable computers (e.g., laptops) and similar devices. This list is illustrative and not intended to be a comprehensive list of all tools covered by this policy.

This SPG does not cover certain resources such as two-way radios, prepaid cell phones, one-time purchases of international phones, pooled equipment, home desktop computers, and pagers. These resources will continue to be deployed only when there is a legitimate business need and will be managed at the unit level.

### B. POLICY

#### **Cell Phones and Similar Devices**

The university may offer a stipend to employees who have a demonstrable business need for cell phones and other similar telecommunication resources. This stipend is intended to cover a portion of the monthly service cost and associated hardware to a specified maximum cap per month, provided the resource is used for business.

As an alternative, the university can provide the cell phone directly to employees when regulatory data protection requirements are present (e.g., NCAA regulations) and/or there is a business need for

the device. See Section II, B for more information.

### **Laptops, Tablets, and Similar Devices**

The university may offer these resources directly to employees who have a demonstrable business need for them. Units must use a supplier that has a strategic contract with the university for discounted pricing when purchasing laptops, tablets, and similar devices for employee use. A list of these suppliers is available on the Finance website. Lost or damaged tools can be replaced at the discretion of the unit. The stipend model may not be used to pay for these resources.

As the number of computing and mobile devices proliferate, it will impose a greater financial and data security burden on University units. For this reason, it is generally recommended that units limit the number of devices directly funded by the University to what is reasonable from a business standpoint.

### **C. HOME INTERNET CONNECTIVITY**

Costs associated with home internet connectivity will not be paid for—or reimbursed—by the university with few exceptions for those positions that require urgent or emergency responses.

## **II. OPTIONS FOR PROVIDING CELL PHONES**

Units have two options to pay for the use of cell phones—a payroll stipend or providing the resources directly to employees.

### **A. STIPENDS**

Under this option, employees are responsible for purchasing the cell phone and related service contract with their personal funds.

#### **1. Unit Responsibilities**

- a. **Tax-Free Stipends** – It is required that units that have employees who are receiving a stipend on a tax-free basis complete a verification statement attesting to the business usage of the device when issuing the cell phone.

Further, units must complete these statements annually and attach a copy of an employee's monthly invoice to demonstrate that they are not providing compensation to their employees (i.e., the monthly stipend does not exceed the monthly cost). This monthly invoice must be collected each year when the verification statement is completed. Any such verification statement should be maintained at the unit level. See Finance website for a sample verification statement regarding stipends.

Stipends must be processed as Additional Pay Workflow Transactions into the HRMS M-Pathways system. Use earnings code TTN when excluding the stipends from taxation.

Stipends must be limited to the cost of the normal business use of the resource up to the maximum amount allowed. See the Finance website for the capped amount.

- b. **Taxable Stipends** - The units that have employees who are receiving the stipends as taxable income or wages do not need to complete the verification statement or attach the monthly invoice since they are treated as compensation to the employees. Use earnings code TTA when subjecting the stipends to taxation.

#### **2. Faculty and Staff Responsibilities**

- a. Employees are responsible for maintaining their own service contracts as well as purchasing, insuring, and replacing the tools. Note that all employees are eligible for MCard discounts on communication devices.

- b. If, at any time, the usage changes so that the device is not used for business, the stipend must be stopped.

## B. UNIVERSITY-PROVIDED CELL PHONES

The university may provide a cell phone directly to an employee when it is used for business purposes and/or when regulatory data protection requirements exist.

If the unit provides a cell phone directly to an employee, the unit must use a service provider that has a strategic contract with the University and offers discounted pricing to the University. A list of these vendors and instructions on how to obtain University pricing is available on the Finance website. Lost or damaged cell phones can be replaced at the discretion of the unit.

### 1. Unit Responsibilities

- a. Purchases made by the university must be made based on procedures defined by Procurement Services. Detailed information about these procedures is available on the Finance website .
- b. It is required that units that have employees who are receiving a university-provided tool complete a verification statement attesting to the business usage of the device. This statement needs to be completed only when the cell phone is issued. Any such verification statement should be maintained at the unit level. See Finance website for a sample verification statement for university-provided phones.

### 2. Faculty and Staff Responsibilities

- a. All devices remain the property of the university and must be returned to the unit when no longer needed by employees or when employees leave the unit. Units must send the devices to Property Disposition if they do not reissue them to current employees.
- b. Employees are responsible for reporting when their device is no longer used for business and/or when the need for regulatory data protection no longer exists. In this situation, the device must be returned to the unit.

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## C. PCARDS

Fees for cell phones and their related services must not be charged to university-issued PCards. Reimbursement for non-recurring expenses incurred by employees, such as costs for occasional international service, may be considered on an exception basis. The university does not allow the use of PCards to pay for cell phones or other technology devices such as laptops and tablets. Failure to adhere to this policy may result in a loss of PCard privileges.

## III. POLICY EXCEPTIONS

Policy exceptions must be approved by:

### A. Campuses

1. *Ann Arbor*: Executive Officers, Deans, Associate Deans, Associate Vice Presidents, or Executive Director of University Audits
2. *Dearborn*: Chancellor, Vice Chancellors, Deans, or Associate Deans
3. *Flint*: Chancellor, Vice Chancellors, Deans, or Associate Deans

**B. Hospitals and Health Centers:** EVPMA, Michigan Medicine CFO, or Executive Directors

Exceptions may only be made in those instances where a legitimate business rationale exists. Units must retain documentation for each exception that is granted.

**IV. FOR MORE INFORMATION**

The Finance website has a variety of resources about this SPG, including FAQs, sample verification statements, information about vendors with strategic contracts for these resources, and information about the capped stipend amount.

**Notes**

January , 2025 changes include limiting university coverage to positions that require urgent/emergency responses, and requiring a verification statement to provide cell phone stipends on a tax-free basis.

**File Attachments**

Printable PDF of SPG 514.04, Tech Tools: Cell Phones and Portable Electronic Resources (in effect 8/20/2020 through 12/31/2024) (/sites/default/files/policies/514x04\_0.pdf)

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Faculty and Staff

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Office of the Executive Vice President and Chief Financial Officer

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January 1, 2025

**Primary Contact:**

Procurement Services

**Next Review Date:**

January 1, 2030

**Related Policies:**

Information Security (/policy/601.27)

Responsible Use of Information Resources (/policy/601.07)

**Related Links:**

Finance Tech Tools web page, including FAQs and Verification Statements. (<http://finance.umich.edu/techtoolpolicy>)

M-Card Discounts (<http://www.finance.umich.edu/treasury/mcard/discounts>)

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