



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

January 8, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

CELLULAR PHONE AND DATA STIPEND PROGRAM PILOT (ALL DISTRICTS) (3 VOTES)

SUBJECT

Approval of the recommended action will authorize the Chief Executive Officer to implement a pilot cellular phone and data stipend program (Pilot) at the Auditor-Controller. The Pilot allows Auditor-Controller employees to use a personal cellular device in lieu of a County-issued device, as a cost-effective option to reduce County cellular equipment and administrative costs.

JOINT RECOMMENDATION WITH AUDITOR-CONTROLLER THAT THE BOARD:

Approve and delegate authority to the Chief Executive Officer to implement a six-month Pilot Cellular Phone and Data Stipend Program at the Department of Auditor-Controller, as an alternative to issuing County cellular equipment to authorized employees.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

To reduce cellular phone and administrative costs, the County is considering providing a taxable stipend to eligible employees in lieu of their existing County-issued cellular equipment. Before a cellular stipend program is implemented countywide, a smaller, department-level pilot program is recommended to refine the policies and procedures related to the full implementation of the stipend program. The Auditor-Controller is ideally suited to be the pilot department as it currently has a small number of County-issued

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cellular phones, and is best situated to adjust/refine payroll-related issues expeditiously. Although the Pilot is comprised of only non-represented employees, the stipend would be available to eligible represented and non-represented employees, if implemented countywide. The stipend for represented employees will need to be negotiated with bargaining units.

The attached draft Personal Electronic Communication Devices Stipend Program Policy (Attachment I), Terms and Acceptable Use Agreement (Attachment II), and Stipend Activation Form (Attachment III) were created by the Auditor-Controller in consultation with the Chief Executive Office, Chief Information Office, and County Counsel. The draft policy and forms will be used to initiate and guide the Pilot, and will be adjusted according to its progress and results. Should the results of the Pilot justify a recommendation to implement the policy on a countywide basis, we would then work through the Audit Committee to propose a Board Policy for the Board's subsequent consideration.

Implementation of Strategic Plan Goals

Approval of the recommended action is consistent with the County's Strategic Plan Goal 1 of Operational Effectiveness and Goal 2 of Fiscal Sustainability. The recommendation also supports the County's Efficiency Initiative for achieving cost-savings, cost-avoidance, and time savings for County employees. This Pilot was developed by a project team from the Auditor-Controller's Management Mentoring Program, which was established to develop the pool of Auditor-Controller managers, and supports the department's long term succession planning and strategic objectives.

FISCAL IMPACT/FINANCING

Approval of the recommended Pilot will result in an estimated 11 percent reduction in the Auditor-Controller's cellular phone costs, saving approximately \$2,000 per year. Savings are calculated by comparing the current cost of cellular phone carrier charges to the projected cost of the stipend program, including the stipend itself and possible pension costs, if any. We contacted the Los Angeles County Employee Retirement Association (LACERA) regarding the pensionability of cellular phone stipends. Preliminary staff analysis suggests that the stipend would not be pensionable, as an employee would have a choice as to a stipend or a County-issued cellular phone, making the stipend inconsistent with other compensation items which have been found to be pensionable in the past. However, LACERA's Board of Retirement will ultimately make that final determination per County Employees Retirement Law. We will work closely with LACERA in obtaining their Board of Retirement's final determination, and include its possible impact, if any, in the final Pilot report.

The Pilot's estimated savings are conservative and based on a finding that the stipend would be pensionable. Should the initial analysis that the stipend is not pensionable be confirmed by the Board of Retirement, the Pilot's savings would be greater.

In Fiscal Year 2011-12, the County spent approximately \$11.6 million for County-issued cellular phones and data services that employees use to carry out County business. Based on the Auditor-Controller's projected savings rate of 11 percent, the County could reduce cellular phone carrier charges by approximately \$1.3 million per year by implementing a Cellular Stipend Program countywide. Percent savings will vary by department depending on current plan rates and stipend program participation, but \$3.3 million in annual savings could be achieved countywide if all current County cellular phone users participate in the stipend program and the Board of Retirement finds that the stipend is not pensionable.

In addition, although not quantifiable, the County could also realize a significant reduction in "soft" costs related to the administration of County-issued cellular devices, such as reviewing and processing monthly statements, replacing broken and defective phones, and recovering the costs associated with personal use of County-issued cellular phones.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Cellular Stipend Program encourages the utilization of a stipend to reduce County cellular equipment and administrative costs. The stipend is not intended to compensate an employee for the actual dollar-for-dollar cost of the cellular service, but instead to offset the costs of business use. In addition, the stipend program is not intended to increase the population of employees who have a County-issued cellular device. Instead, only employees who have a certified business need for a County-issued cellular phone and/or data device would be eligible for a stipend.

The attached draft policy and forms provide uniform and consistent standards for the use of personal cellular equipment for County business purposes, and define the employee's responsibilities for the costs of personal cellular phone service and/or remote access to County email, network files, and other information resources.

The stipend will be paid starting the first full month of cellular phone service coverage following receipt of the request form approved by the department head or his/her designee. No retroactive requests will be processed. The stipend will be split and paid on a semi-monthly basis. Proposed monthly stipend rates for the Pilot are as follows:

- a. Voice ONLY \$25
- b. Data ONLY \$15
- c. Voice and Data \$40

Authorized employees receiving the stipend will be solely responsible for the costs of private ownership, including but not limited to the purchase, activation, maintenance, support, monthly usage, late fees, interest, term commitment obligations, and replacement of such devices, as well as any increase in personal income tax liability. Any employee who receives the stipend may add extra services, equipment, or features as desired at his/her own expense. The employee shall pay any costs exceeding the amount of the cellular phone stipend to maintain service coverage.

The Pilot will become effective immediately upon Board approval. The policy contains all necessary provisions and has been approved by County Counsel and the Chief Information Office.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on the Auditor-Controller's ability to provide current services to its customers. When implemented countywide, the Cellular Stipend Program could lower the County's cellular phone service and equipment costs, and reduce the efforts required to administer County-issued cellular devices.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer



WENDY L. WATANABE
Auditor-Controller

WTF:EFS:MKZ:FC:ib
WLW:RC:JG:ak

Attachments (3)

c: Executive Office, Board of Supervisors
County Counsel
Chief Information Office

**COUNTY OF LOS ANGELES
PERSONAL ELECTRONIC COMMUNICATION DEVICES STIPEND PROGRAM POLICY**

PURPOSE

The County's Personal Electronic Communication Devices Stipend Program (Cellular Telephone Stipend) encourages the utilization of a stipend to reduce County cellular equipment, service and administrative costs. This policy is intended to provide uniform and consistent standards for the use of personal cellular telephones¹ for County business purposes and to define the responsibilities for the costs of personal cellular telephone service.

Implementation of this policy is intended to achieve countywide cost savings while providing a fair and practical reimbursement plan for employees conducting County business on personal communication devices. Participation in this program is voluntary and may be terminated by the employee and/or the department at any time, for any reason.

JUSTIFICATION

The County will provide a taxable stipend to eligible employees for the purpose of offsetting the costs for business use of personal cellular telephones. The person receiving the stipend will be solely responsible for the costs of private ownership including but not limited to the purchase, activation, maintenance, support, monthly usage, late fees, interest, term commitment obligations and replacement of such devices and any increase in personal income tax liability. Any employee who receives a taxable stipend may add extra services, equipment or features as desired at his/her own expense. The stipend is not intended to compensate the employee for the actual dollar-for-dollar cost of the cellular telephone service. The employee shall pay any costs exceeding the amount of the cellular telephone stipend to maintain service coverage.

ELIGIBILITY

At the discretion of the department head or his/her designee, employees who have a business need for cellular telephone service and/or remote access to their County email, network files and other information resources may be authorized to use a personal telephone, smart phone or tablet device in lieu of a County-issued device.

Requests for a stipend to offset the costs of using a personally-owned cellular telephone to conduct County business must be approved by the department head or his/her designee. Authorized employees must maintain cellular phone service in order to remain eligible for the monthly stipend. Authorized employees shall provide documentation to the department coordinator, when requested, to verify continued ownership and business use of a personal cellular telephone.

¹ Includes any personal phone, smart phone, tablet or other similar device and broadband cards/hotspots used pursuant to this program.

COMPLIANCE WITH APPLICABLE LAWS AND COUNTY POLICIES

In accordance with the Terms and Acceptable Use Agreement (Attachment II), participants must adhere to the Board of Supervisors (BOS) policies and the County's Mobile Devices Security Standards with respect to County-related data accessed, transmitted, received or stored on the participant's device:

- a. BOS 6.100 Information Technology and Security Policy
- b. BOS 6.101 Use of County Information Technology Resources (County Acceptable Use Agreement)
- c. BOS 6.102 Countywide Antivirus Security Policy
- d. BOS 6.104 Use of Electronic Mail by County Employees
- e. BOS 6.105 Internet Usage Policy
- f. BOS 6.109 Security Incident Reporting
- g. BOS 6.110 Protection of Information on Portable Computing Devices
- h. BOS 6.112 Secure Deposition of Computing Devices
- i. Chief Information Office-Smartphone Security and Privacy Requirements Standard
- j. Chief Information Office-Portable Device Strategy

TAXABLE INCOME

The cellular telephone stipend will be paid through the County payroll system as taxable. For determination of individual taxability, the employees should check with their tax advisor.

STIPEND RATES AND PAYMENT

The department head shall determine the appropriate stipend type/amount for each eligible employee within their area of responsibility. Cellular telephone stipends will be paid through the County eHR system. A Stipend Activation Form (see Attachment III) must be completed for any new, change or cancellation of services or eligibility.

The stipend will be paid starting the first full month of cellular telephone service coverage following activation in eHR. Each department will be responsible for approving and entering the authorized employee's information in eHR. No retroactive requests will be processed. Payments will be split and paid on a semi-monthly basis. Monthly Compensation rates are as follows:

- a. Voice ONLY for \$25
- b. Data ONLY for \$15
- c. Voice and Data for \$40

**Stipend rates will be reviewed periodically by the Chief Executive Office and Auditor-Controller, and the rates adjusted as deemed appropriate and necessary.*

Paid/Unpaid Leave Status

In order to receive the stipend, an employee must have a business need for cellular telephone service and/or remote access to the County's network for the entire pay period. No stipend will be paid once an employee is placed on an unpaid leave status (i.e., Absence Without Pay or AWOP) for an entire pay period. The stipend will be automatically suspended by the eHR system for employees who report AWOP for all scheduled hours for a pay period.

If an employee is on a paid or unpaid long-term leave (e.g., sabbatical, etc.) and is not expected to use their cellular phone for County related business, the employee's department must suspend the stipend. The stipend may be reactivated when the employee returns for a full pay period.

STIPEND CHANGES/CANCELLATION

An employee must be active on the last day of a pay period to receive the stipend for the pay period. The stipend will be automatically suspended by the eHR system if an employee is not active on the last day of the pay period.

An employee that has a job, assignment or responsibility change resulting in the employee not requiring cellular phone access for County business for the entire pay period, will not receive the stipend for that pay period. When this occurs, the department must cease the stipend.

Department coordinators shall enter and transmit the approved activation form for any stipend change or cancellation into eHR as instructed by the Auditor-Controller's Payroll Division. Changes/cancellations will be effective the first full month after the change. No retroactive adjustments will be processed.

If an employee terminates cellular service and/or becomes ineligible (i.e., there is no longer a business need) but does not report the change to his department timely, the County has the authority to recover the stipend from the time the service terminates or the employee otherwise becomes ineligible.

ACCOUNTABILITY

Each department head, operating under the authority of this policy, will have the responsibility to maintain accountability over business cellular telephone usage and the related stipends. Departments must establish adequate internal controls to ensure 1) only authorized employees are approved to receive the stipend; and 2) employees are following cellular telephone policies, including the Board of Supervisors and County Mobile Device Security Standards.

The Auditor-Controller may review departmental policies and compliance with the Personal Electronic Communication Devices Stipend Policy.

Specifically, departmental policies should include, but not be limited to, the following:

- Annual verification that the employee has a valid contract in effect;
- Maintenance of a current listing of all active (authorized) cellular telephone accounts;
- Periodic review of supported cellular telephone usage to eliminate stipends for unnecessary cellular telephones; and
- Periodic review of cellular telephone stipends to ensure appropriate level of payment.

SECURITY AND REPORTING REQUIREMENTS

Under the Terms and Acceptable Use Agreement (see Attachment II), participants must report to their management or departmental designee, within one business day, whenever any personal device used pursuant to this program is suspected or known to be lost or stolen. Upon notification of loss/theft, the employee's department may issue a *remote wipe* of the device to ensure that County-related data is safeguarded. Participants consent to use this function and agree the County is not liable for the potential loss of personal (e.g., contacts, apps, photos, etc.) data, including the potential to restore the device to factory default settings.

PROCEDURES

This policy requires the following steps for obtaining a stipend:

1. The department head identifies eligible employees;
2. The department coordinator completes a Stipend Activation Form;
3. The employee reads and signs the Terms and Acceptable Use Agreement;
4. The department head or his/her designee approves the authorization/request form, indicating the approved monthly stipend amount based on guidelines;
5. The department coordinator inputs the information into the eHR payroll system for automatic payment. *(Note: The deadlines to enter will be based on the annual memo "Payroll Deadline Schedule" provided by the Auditor-Controller's Payroll Division to all departments.)*

COUNTY OF LOS ANGELES
PERSONAL ELECTRONIC COMMUNICATION DEVICES STIPEND PROGRAM

Terms and Acceptable Use Agreement

At the discretion of the department head or his/her designee, employees who have a business need for cellular telephone service and/or remote access to their County email, network files and other information resources may be authorized to use a personal phone, smart phone or tablet device in lieu of a County-issued device. Employees authorized by management to participate in this program must agree and adhere to the following terms and conditions:

1. Participation in this program is voluntary and may be terminated by the employee and/or the department at any time, for any reason.
2. Any personal phone, smart phone, tablet or other similar device (air card, broadband card, etc.) used pursuant to this program shall be expressly defined as the personal property and sole responsibility of the employee. The County assumes no liability for damage, loss or theft of the employee's device, under any circumstances.
3. Participants receiving the stipend will be solely responsible for the costs of private ownership, including but not limited to the purchase, activation, maintenance, support, monthly usage, late fees, interest, term commitment obligations and replacement of such devices, as well as any increase in personal income tax liability. The cellular telephone stipend will be paid through the County payroll system as taxable income. Any participant who receives the stipend may add extra services, equipment or features as desired at his/her own expense. The participant shall pay any costs exceeding the amount of the cellular phone stipend to maintain service coverage.
4. The County is not liable for the loss or corruption of personal data on the employee's device, loss of use, or any repairs or maintenance arising from the use of the device for County business. Updates to, maintenance, repair and replacement of the device are the sole responsibility of the participant.
5. Participants must report to their management/departmental designee, within one business day, when the following events take place:
 - a. Whenever any personal device used pursuant to this program is suspected or known to be lost or stolen;
 - b. Participants terminate employment with or retire from the County of Los Angeles;
 - c. Participants' job responsibilities changed and is no longer eligible to participate in the stipend program;
 - d. Participants change/transfer position that is not eligible to participate in the stipend program; or
 - e. Participants elect to stop participation in the stipend program

Upon notification of loss/theft or change in status as indicated above, the employee's department may initiate a remote wipe of the device to ensure that County-related data is safeguarded. Participants consent to remote wiping when one of the events listed above has taken place and remote wiping is deemed necessary by the department. Participants also agree the County will not be liable for any personal data loss. When the remote wipe command is issued, all data including personal data such as contacts, apps, picture/data files, etc. may be deleted and the device may be restored to factory default settings.

6. Participants understand that County-related data and correspondence accessed or received via a personal device may be subject to disclosure pursuant to the California Public Records Act,

and may also be compelled via a discovery request, subpoena or other legal process. In addition, in some cases, personal email transmissions may also be subject to such disclosure.

7. Participants must adhere to the Board of Supervisors policies (BOS) and the County's Mobile Device Security Standards with respect to County-related data, correspondence and communications accessed, transmitted, received or stored on the participant's device:
 - a. BOS 6.100 Information Technology and Security Policy
 - b. BOS 6.101 Use of County Information Technology Resources (County Acceptable Use Agreement)
 - c. BOS 6.102 Countywide Antivirus Security Policy
 - d. BOS 6.104 Use of Electronic Mail by County Employees
 - e. BOS 6.105 Internet Usage Policy
 - f. BOS 6.109 Security Incident Reporting
 - g. BOS 6.110 Protection of Information on Portable Computing Devices
 - h. BOS 6.112 Secure Deposition of Computing Devices
 - i. Chief Information Office-Smartphone Security and Privacy Requirements Standard
 - j. Chief Information Office-Portable Device Strategy
8. The County reserves the right to inspect, at any time and without prior notice, any personal device connected to any County mobile enterprise servers such as BlackBerry Enterprise Server (BES) or Microsoft Exchange ActiveSync (AS) server. Other inspections shall be in accordance with Board-adopted Information Technology Security Policies.
9. Participants must not allow others to use or access County resources/data via their personal device(s).
10. Participants must activate a password lock and autolock (30 minute maximum), and shall not disable it at any time.
11. Participants must not use personal devices connected to County networks or information resources for illegal activity.
12. Participants must maintain cellular phone service in order to remain eligible for the monthly stipend. Participants must provide documentation to the department coordinator, when requested, to verify continued ownership and business use of a personal cellular device.
13. Participants will not be paid once an employee is placed on an unpaid leave status (Absence Without Pay or AWOP) for an entire pay period. The stipend will automatically be suspended by the eHR system for employees who report AWOP for all scheduled hours for a pay period. In addition, participants must be active on the last day of a pay period to receive the stipend for the pay period. The stipend will automatically be stopped by the eHR system if participants are not active on the last day of the pay period.
14. Participants must submit to their management/departmental designee or department coordinator a revised Stipend Activation Form, when they:
 - a. Change or terminate cellular carriers
 - b. Replace or retire their mobile device
 - c. Sell or transfer device to another individual

If participants do not report the change to the department in a timely manner, the County has the authority to recoup the stipend from the time the service coverage terminates or the employee otherwise becomes ineligible. Participants are required to bring the old device to their department and perform the data wipe procedure in the presence of the Departmental Information Security Officer or designee to ensure that all County confidential/sensitive data is properly sanitized.

- 15. Participants must disable Bluetooth pairing/discovery when not in use.
- 16. Participants must not store County data on a memory card (e.g., MicroSD card) used in the portable device.
- 17. Participants agree to the following monthly stipend compensation:
 - a. Voice ONLY for \$25
 - b. Data ONLY for \$15
 - c. Voice and Data for \$40

The participant acknowledges that they have read, understand and agree to abide by the terms and conditions stated above. Participants who violate these terms and conditions will be disconnected from the mobile enterprise servers such as BES or AS and may be subject to disciplinary action. I understand that this agreement will be placed in my official personnel folder.

Print Name

Employee ID

Signature

Date

County of Los Angeles
**PERSONAL ELECTRONIC COMMUNICATION DEVICES
 STIPEND ACTIVATION FORM**

ACTIVATION REQUEST

ADD

MODIFY

REMOVE

PARTICIPANT INFORMATION SECTION

LAST NAME	FIRST NAME	M.I.	EMPLOYEE NO.	DEPT CODE
PAYROLL TITLE	ITEM # / SUB	DIVISION / UNIT		WORK TEL. NO.
BUSINESS STREET ADDRESS			CITY-STATE-ZIPCODE	
DIVISION MANAGER'S/DESIGNEE NAME			WORK TEL. NO.	

ELECTRONIC DEVICE INFORMATION

DEVICE PHONE CARRIER	DEVICE MODEL	OPERATING SYSTEM
STIPEND TYPE <input type="checkbox"/> Voice ONLY <input type="checkbox"/> Data ONLY <input type="checkbox"/> Voice and Data	STIPEND START DATE	DEVICE PHONE NO.
	STIPEND STOP DATE:	DEVICE SERIAL #

JUSTIFICATION FOR THE STIPEND

 Signature of Department Head or Designee

 Date

POLICY ACKNOWLEDGMENT

I understand that this form will be placed in my official personnel folder.

By signing this form, I acknowledge that I have received, read, and signed the Personal Electronic Communication Devices Stipend Program Terms and Acceptable Use Agreement.

 Signature of Participant

 Date

 Signature of Division Manager or Designee

 Date

 Signature of Department Information Security Officer or Designee

 Date

 Signature of Departmental Administrative Deputy or Designee

 Date