

FACULTY OF ARTS AND SCIENCES FINANCIAL OFFICE
HARVARD UNIVERSITY

Series: Finance & Accounting

**Spending Guidelines for Faculty Start-Up and
Other FAS Faculty Support Funds**

Policy Title: **Faculty Support Fund
Spending**

Effective Date: September 1, 2005

Revision Date: N/A

Responsible Office: FAS Accounting
Services

Contents:

- I. Policy Summary & Purpose
- II. Policy Statement
- III. Roles and Responsibilities
- IV. Contacts

I. Policy Summary & Purpose

This policy provides guidance for determining which expenses may be charged to faculty support funds, which include faculty “start-up funds” and the Dean’s annual allocation. The purpose of this policy is to ensure sound business practices, timely and accurate recording of expenses, and compliance with tax regulations under the Internal Revenue Code.

II. Policy Statement

Faculty support funds, which include faculty “start-up funds” and the Dean’s annual allocation, are provided by the Faculty of Arts and Sciences to pay for expenses incurred in support of faculty research and scholarly activities for work performed while at the FAS. (Please note that these guidelines do not address expenses related to sponsored research as specified by the University and Federal guidelines.) Faculty support funds are not considered personal compensation and cannot be used to supplement a faculty member’s academic-year salary, or to cover personal expenses, or, absent explicit prior approval from the Dean, for summer salary support. Unlike personal compensation, faculty support funds are not subject to personal income tax. 1

Typical costs charged to faculty support funds include salary and fringe benefits for research assistants, and the costs of equipment, travel, books, journals, electronic resources, laboratory and office supplies, and services purchased from animal care and other research support facilities. All expenses from faculty support funds need to be fully documented with specific reference to the research or scholarly activity being conducted. Durable assets (see below) purchased with faculty support funds are the property of Harvard University. Any unspent balances, durable assets, or items of value remain with the University upon the departure of a faculty member. Emeritus faculty may continue to use unspent balances from their faculty support funds to support their research and scholarly activities.

2

A. Durable Assets

Certain durable assets may be purchased using faculty support funds. Durable assets are defined as tangible goods that yield service/ benefits over a number of years. Durable assets purchased with faculty support funds are the property of Harvard University.

Examples of durable assets are:

- Scientific equipment
- Computers or printers

The faculty member's home department must inventory such durable assets. (A complete list of these items should be maintained by the faculty member's department and regularly updated for additions and disposals).

If a faculty member, upon leaving the University or retirement, wishes to acquire equipment or other items of value previously purchased with faculty support funds, he/she should contact the FAS Finance Office. Items determined to be eligible for purchase will carry fair market value. The purchased asset should be removed from inventory.

B. Unallowable Durable Assets

The following list of durable assets may not be purchased with faculty support funds. Exceptions require prior written approval by the FAS Dean.

- Furniture and furnishings
- Rare books (defined as books with a purchase price above \$500)
- Works of art

In rare instances where exceptions are approved, based on a determination that it is a legitimate and necessary research or scholarly expense, these assets must be inventoried as described above. As long as funds are used within these guidelines, there are no tax implications. Failure to abide by these guidelines may result in tax consequences; the IRS views faculty support funds that are used for the direct personal benefit of a faculty member as additional income and would require the University to withhold taxes as a result.

C. Supplies

Laboratory and office supplies may be a significant expense for research conducted in science departments. All lab and office supplies purchased with faculty support funds must be clearly documented as research or scholarly costs. The University has negotiated competitive prices for lab and

3

office supplies with several vendors. For more information on vendor partners go to: <http://vpf-web.harvard.edu/ofs/procurement/>.

D. Salary and Wages

If faculty support funds are used to finance a research position, the prospective employee must be informed, in writing, that funding is temporary and that there is no commitment of employment after the funding is exhausted or the specific research project is completed. FAS Human Resources and the faculty member's home department should be contacted for specific hiring information. Funds must be adequate to cover salary, accrued vacation, and associated fringe benefit costs as determined through the fringe benefit rate established by the University.

E. Travel and Business Entertainment

Expenses relating to research travel and business entertainment must follow the FAS Guidelines for Travel, Business Meals & Entertainment Spending. These guidelines can be obtained by clicking on the following: <http://www.fas.harvard.edu/~finance/>.

F. Consultants / Service Contracts

All consultant and service contract arrangements must be properly documented and University procedures for determining such arrangements followed. The following records must be completed and maintained by the department for all consulting arrangements: (1) Employee/Independent Contractor Questionnaire, (2) Signed Contract, and (3) Invoices (with adequate detail). FAS Human Resources should be contacted for questions concerning consulting arrangements. The FAS Financial Office must approve consulting contracts equal to or greater than \$50,000 or more than one year in duration. Department Administrators should approve all consulting contracts under this threshold.

Samples of OGC approved contract wording and the Employee/Independent Contractor Questionnaire can be found at:

http://vpf-web.harvard.edu/documents/pdf/actts_indcontractor_3_10_03.pdf

G. Telecommunications

Costs associated with home internet access, cell phone calls, and Portable Digital Assistance (PDA's) devices may be covered by faculty support funds if they are for University research and scholarly activities. In order to receive reimbursement for these costs, documentation must be provided ensuring charges are for Harvard-related business. If a faculty member incurs such costs for both personal and business purposes, only the corresponding percentage of University/business use will be reimbursed. The mechanism for faculty to receive reimbursement for internet, PDA, or cell phone use is submission of

the FAS Employee Payment Request Form for Telecommunications and Internet Service Providers (ISP) along with their receipt/statement(s) to their local business office. Request Form for Telecommunications reimbursements can be found on the FAS Financial Office website:

<http://www.fas.harvard.edu/~finance/>.

H. Gifts and Other

The FAS prohibits the use of faculty support funds for gifts (employee and non-employee), donations, flowers, parties and/or any costs unrelated to faculty research or scholarly activities.

III. Roles & Responsibilities

A. The Faculty member or his/her designee is responsible for ensuring that expenses charged to faculty support funds are in accordance with this policy and consulting the Department Administrator on any questions about the policy.

B. The Department Administrator is responsible for ensuring the appropriate preparation and approval of requests, that all durable assets are appropriately inventoried and for raising questions about whether expenses are allowable with the FAS Financial Office.

C. The FAS Finance Office is responsible for ensuring that expenses charged to faculty support funds are fair and equitable to the individual and the University, and are made in accordance with this policy and external regulations.

IV. Contacts

If you have any questions regarding this policy, please contact the following individuals in the FAS Finance Office:

- Michael Jackson, Manager of Accounting: mjackson@fas.harvard.edu
- Carolyn MacLeod, Director of Accounting Operations: carolyn_macleod@harvard.edu

