



**SPENDING POLICY FOR FACULTY START-UP
AND OTHER FAS FACULTY SUPPORT FUNDS**

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I. Policy Summary and 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, to cover personal expenses, or, without explicit prior approval from the Dean, for summer salary support. Unlike personal compensation, faculty support funds are not subject to personal income tax.

Typical costs charged to faculty support funds include salary and fringe benefits for research assistants; 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

Departure of Faculty Member - Any unspent balances, durable assets, or items of value remain with the University upon the departure of a faculty member. Ordinarily, no expenditures may be made from startup funds after the end of the faculty member's appointment. Exceptions to this rule must be approved by the Associate Dean for Finance. Faculty members considering leaving the University should consult with their Department Administrator and/or the FAS Office of Finance on the disposition of their remaining startup funds. Emeritus faculty may continue to use unspent balances from their faculty support funds to support their research and scholarly activities.

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.

A. Durable Assets

Certain durable assets may be purchased using faculty support funds. Durable assets are defined as tangible goods that yield service or 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 and computers.

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. **Note:** Any assets documented in Equipster will be automatically covered by insurance.

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 or she should contact the Director of Accounting Operations in the FAS Office of Finance. 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 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 granted, based on a determination that it is a legitimate and necessary research or scholarly expense, these assets must be inventoried as described in Section A above.

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 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 Spending Policy for Travel, Business, and Entertainment Spending. These guidelines can be obtained by clicking on the following: <http://www.finance.fas.harvard.edu>.

F. Consultants / Service Contracts

All consultant and service contract arrangements must be properly documented and University procedures for determining such arrangements must be 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.

The University's policy on Contractors and Employee/Independent Contractor Questionnaire (appendix to policy) can be found at <http://vpf-web.harvard.edu/ofs/policies/policies.shtml>. Samples of OGC-approved contract wording can be found at <http://www.ogc.harvard.edu/> under Model Documents (PIN-protected site).

G. Telecommunications

Costs associated with home internet access, cell phone calls, and portable digital assistant (PDA) 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 or business use will be reimbursed. Faculty must submit the FAS Employee Payment Request Form for Telecommunications and Internet Service Providers (ISP) along with their receipt/statement(s) to their local business office to receive reimbursement for internet, PDA, or cell phone use. The Request Form for Telecommunications Reimbursements can be found on the FAS Office of Finance 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

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 with the department administrator on any questions about this policy.

The department administrator is responsible for:

- Ensuring the appropriate preparation and approval of requests,
- Maintaining an inventory of all durable assets, and
- Raising questions about whether expenses are allowable with the FAS Office of Finance.

The FAS Office of Finance is responsible for:

- Ensuring that expenses charged to faculty support funds are fair and equitable to the individual and the University, and
 - Ensuring that expenses are made in accordance with this policy and external regulations.
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IV. Contacts

If you have any questions regarding this policy, please contact Michael Jackson, Director of Accounting Operations, at mjackson@fas.harvard.edu.