



## TEACHING AND RESEARCH FUNDS POLICY

### Contents

- I. Policy Summary and Purpose
- II. Policy Statement
- III. Roles and Responsibilities
- IV. Contacts
- V. Related Documents and Policies

### I. Policy Summary and Purpose

This policy provides guidance on the use of Teaching and Research Funds, including appropriate sources of funding as well as appropriate spending of these funds. The purpose of this policy is to ensure sound business practices, timely and accurate recording of expenses, compliance with Harvard School of Public Health (SPH) and University policies, and compliance with regulations and requirements under regulatory agencies such as the IRS.

### II. Policy Statement

Teaching and Research Funds are unrestricted designated (UD) funds<sup>1</sup> that a department has set aside in a distinct account to be used at the discretion of a faculty member<sup>2</sup>. These funds may be used to support faculty teaching and research<sup>3</sup>, as well as other scholarly activities for work performed while at SPH. These funds are not considered personal compensation and cannot be used to supplement a faculty member's salary or to cover personal expenses. While the use of a Teaching and Research Fund is at the discretion of the faculty member, its use is subject to SPH and University policies, as well as compliance requirements of regulatory agencies such as the IRS.

---

<sup>1</sup> Departments have a variety of funds available to support teaching and research activities, including endowment, gift, sponsored, unrestricted undesignated and unrestricted designated (UD) funds. UD funds have been created from sources other than donors or sponsors. While they are not subject to donor or sponsor terms, these unrestricted funds have been designated by the department to be used for certain purposes. They are generally held in fund 000002 and identified by faculty member through discrete activity and possibly root values, but they may be held in other UD funds as well. They may also carry other names, such as "Special Receipts" accounts.

<sup>2</sup> Other academic appointments, such as research associates, may also have teaching and research funds. Therefore, where this policy refers to "faculty member," it applies to all those who have these funds.

<sup>3</sup> Faculty should consult the SPH Associate Director of Research Operations regarding implications of possible cost sharing with sponsored funding.

## Sources of funding for Teaching and Research Funds

Funding of Teaching and Research Funds comes from a variety of unrestricted sources; funding may not be transferred from donor funds or from sponsored funds (with the exception noted in item (b) of the following examples). Funds may be transferred into these accounts from the Dean or the department based upon agreement or policy. A faculty member may also obtain funding from other University units or from outside sources. Examples include:

- a) A faculty member may engage in an activity for an outside party (e.g., delivering a lecture or seminar, consulting) where the faculty member opts to have the payment deposited to his/her Teaching and Research Fund. Any agreement or contract that is in place must be between Harvard and the outside organization. In addition, payment for the activity must be made directly to Harvard and not to the faculty member<sup>4</sup>.
- b) In certain cases and with the authorization of the department's Associate/Assistant Director in SPH Research Administration, if there is a remaining balance at the termination of a fixed-price sponsored agreement, the balance may be transferred to the faculty member's Teaching and Research Fund. This transfer may not occur during the performance period of the agreement, but would be done by the Office for Sponsored Programs at the time of the award closeout.
- c) A faculty member may receive an honorarium from an outside party for services provided. This may be deposited to the Teaching and Research Fund as long as the payment is made directly to Harvard and not to the faculty member<sup>4</sup>. If a faculty member wishes to receive the honorarium directly, and subsequently contribute it to Harvard, it may not be deposited to a Teaching and Research Fund. Since this would be a contribution to Harvard, it must be processed as a gift through the SPH Office of External Relations and credited to an appropriate gift fund.
- d) A faculty member may provide services such as teaching a course, lecturing, or advising students to another part of Harvard (i.e., a department not within SPH). Rather than paying compensation directly to the faculty member, the non-SPH department may transfer funds to the faculty member's Teaching and Research Fund<sup>5</sup>, provided that the arrangement has been agreed to prior to the provision of any services.
- e) Faculty members are not normally eligible for extra compensation, or compensation in addition to their annual salary. Under exceptional circumstances, faculty members may receive extra compensation for activities that are beneficial to the University or School and involve services distinct from those that are ordinarily expected of a faculty member (e.g., teaching a Continuing Professional Education course, or equivalent executive education program at the School). Rather than paying compensation directly to the faculty member, the department may transfer funds to the faculty member's Teaching and Research Fund, provided that the arrangement has been agreed to prior to the provision of any services.

Where a faculty member has expended effort as part of any of these activities, the faculty member must review his/her SPH effort reporting to ensure his/her salary allocation matches his/her effort. If the work performed affects the allocation of a faculty member's effort, his/her effort reporting must be adjusted accordingly.

---

<sup>4</sup> This requirement is in place to ensure there are no income tax implications to the faculty member; failure to follow this requirement could result in taxable income to the faculty member.

<sup>5</sup> This excludes transfers resulting from sponsored research collaborations where funding is coming from a sponsored account. In this case, a "part of" account must be established at SPH for the transferred funds. Departments should consult their Associate/Assistant Director in SPH Research Administration for questions on this type of transfer.

Faculty members must disclose certain of these activities in accordance with the SPH individual financial conflicts of interest reporting policy. In addition, teaching or consulting at other educational institutions may require advance approval. (Web site references for ***SPH guidance on Outside Activities***, ***SPH Policy of Conflicts of Interest***, and ***Financial Conflict of Interest Policies and Reporting Procedures*** are listed in the “Related Documents and Policies” section of this document.)

### **Use of Teaching and Research Funds**

Expenditures from Teaching and Research Funds must be in support of teaching, research or other scholarly activities for work performed while at SPH. In addition, expenditures must be in accordance with SPH and University policies, as well as regulations and requirements under regulatory agencies such as the IRS.

Teaching and Research Funds may not be used to pay additional compensation to a faculty member above his/her normal salary, or to cover personal expenses. However, these funds may be used to support a faculty member’s normal salary when needed, such as to replace sponsored funding that has ended or cover the portion of a faculty or staff member's salary that exceeds a regulatory maximum imposed by the sponsor (i.e., the “over-the-cap” salary amount). Unlike personal compensation, funds deposited directly to these accounts are not subject to personal income tax. As long as funds are used within the guidelines of this policy, there will be no tax implications. Failure to abide by these guidelines may result in tax consequences; the IRS views funds that are used for the direct personal benefit of a faculty member as compensation and would require the University to include any such funds in taxable income (in the W-2) and to withhold tax.

Spending of Teaching and Research Funds is also subject to the requirements of SPH and University conflict of interest policies. The ***Harvard University Procure-to-Pay Guide (Procurement Manual)*** states that individuals serving the University “*shall at all times act in a manner consistent with their fiduciary responsibilities to the University and shall exercise particular care that no detriment to the University results from conflicts between their interests and those of the University*”<sup>6</sup>. For example, payments to related parties, such as family members or companies that are owned or controlled by the faculty member, would generally not be appropriate; such an arrangement should be disclosed to and approved by the Department Administrator.

---

<sup>6</sup> ***Harvard University Procure-to-Pay Guide (Procurement Manual) - Section I, Conflict of Interest:***

*An individual is considered to have a **conflict of interest** when the individual, or any of his Family or Associates (i) has an existing or potential financial or other interest which impairs or might appear to impair the individual's independence of judgment in the discharge of responsibilities to the University, or (ii) may receive a material, financial or other benefit from knowledge of information confidential to the University. The "Family" of an individual includes his or her spouse, parents, siblings, children and, if living in the same household, other relatives.*

*An "**Associate**" of an individual includes any person, trust, organization, or enterprise of, in, or with which, the individual or any member of his or her Family (i) is a director, officer, employee, member, partner, or trustee, or (ii) has a financial interest that enables him or her, acting alone or in conjunction with others, to exercise control or influence policy significantly, or (iii) has any other material association.*

*If an individual believes that he or she may have a conflict of interest, the individual shall **promptly and fully disclose the conflict to his or her supervisor** and shall **refrain from participating** in any way in the matter to which the conflict relates until the conflict question has been resolved. In some cases, it may be determined that, after full disclosure to those concerned, the University's interests are best served by participation by the individual despite the conflict.*

The following guidelines must be followed when spending Teaching and Research Funds:

#### *Durable Assets*

Durable assets include tangible goods that will yield benefit to SPH over a number of years; examples include scientific equipment and computers<sup>7</sup>. While durable assets may be purchased with Teaching and Research Funds, furniture and furnishings for a home office may not be purchased with these funds.

Durable assets purchased with Teaching and Research Funds become property of SPH and must be tagged in accordance with SPH equipment policy requirements. If a faculty member wishes to acquire an item upon leaving the University or retiring, the faculty member should contact his/her Departmental Administrator. If purchased by the faculty member, the item must be removed from the SPH equipment inventory. (Web site references for equipment policy and forms are listed in the “Related Documents and Policies” section of this document).

#### *Salaries and Wages*

Teaching and Research Funds may be used to support a faculty member’s normal salary when needed, such as to replace sponsored funding that has ended.

If Teaching and Research Funds are used to support an administrative or staff position, funds available must be adequate to cover both salary and the associated fringe benefit costs. In addition, the prospective employee must be informed, in both the job posting and the offer letter, that funding is temporary, and there is no commitment of employment after the funding is exhausted<sup>8</sup>. SPH Human Resources should be consulted on appropriate disclosures to include in the offer letter and job posting, and can provide specific guidance on hiring policies and procedures.

If Teaching and Research Funds are used to support a non-faculty academic appointee such as a postdoctoral fellow, research associate, or research scientist, funds available from this and other sources must be sufficient to cover both salary and the associated fringe benefit costs for the appointee’s current term. The SPH Office of Faculty Affairs can provide guidance on hiring, as well as information pertaining to the length of paid termination notice required for these appointees.

#### *Travel and Business Entertainment*

Expenses for travel and business entertainment must be for appropriate University business purposes and in accordance with the **Harvard University Travel Policy** (web site reference is listed in the “Related Documents and Policies” section of this document).

---

<sup>7</sup> Computers that cost less than \$5,000 a piece are accounted for as supplies; they are not tagged nor included in the SPH equipment inventory. They are Harvard property when purchased, and a faculty member should discuss with his or her Department Administrator the disposition of any computers that have become obsolete.

<sup>8</sup> With all administrative and staff positions, if the job posting contains no end date lay-off benefits and severance will need to be paid when the position ends. With HUCTW positions, if there is an end date but it goes beyond two years, lay-off benefits and severance will need to be paid when the position ends. In such situations, funds to cover these costs must also be available in the Teaching and Research Fund.

### *Consultants/Service Contracts*

All consultant and service contracts must be properly documented, and University procedures for determining such arrangements must be followed. Faculty looking to hire an individual to provide a service (including individuals operating under a business name) must contact their Department Administrator. The Department Administrator will work with their HR Partner to obtain HR approval to hire the individual as an Independent Contractor (i.e., rather than as an employee). This approval must be obtained **before** the department completes any contract with the individual, or processes any payment<sup>9</sup>.

### *Telecommunications*

The SPH-related business portion of costs associated with cell phones and tablet devices may be charged to Teaching and Research Funds. In order to receive reimbursement for these costs, documentation must be provided supporting that charges are for appropriate SPH-related business. Telecommunications equipment such as cell phones and tablets purchased with these funds is property of SPH.

### *Unspent balances: departure of a faculty member*

Use of any unspent balances remaining when a faculty member leaves the University is governed by the SPH policy on **Managing Discretionary Funds for Departing Faculty** (web site reference is listed in the “Related Documents and Policies” section of this document).

## **III. Roles and Responsibilities**

The **faculty member**<sup>10</sup> is responsible for:

- Following the requirements set forth in this policy, including guidance relating to the appropriate spending of these funds
- Providing the departmental administrator with information needed to comply with this policy
- Consulting with the departmental administrator on any questions about this policy

The **departmental administrator** is responsible for:

- Ensuring the policy is communicated to and followed by faculty members, as well as communicated to other departmental staff as needed
- Consulting with the SPH Office of Financial Services on any questions about this policy

The **SPH Office of Financial Services** is responsible for:

- Communicating the policy to departmental administrators and primary faculty
- Maintaining, updating, and communicating changes to this policy
- Providing guidance and support needed by departments to follow this policy

---

<sup>9</sup> **SPH Independent Contractor/Person of Interest Policy Procedures and Forms** can be found at the web sites listed in the “Related Documents and Policies” section of this document.

Consultant and service contracts must be reviewed and signed by the Department Administrator or appropriate designee; all contracts and agreements of \$50,000 or more must be reviewed and signed by the Department Administrator, as well as the SPH Controller, Chief Research Administration Officer or Chief Financial Officer (depending upon the nature and amount of the contract).

<sup>10</sup> Other academic appointments, such as research associates, may also have teaching and research funds. Therefore, where this policy refers to “faculty member,” it applies to all those who have these funds.

#### **IV. Contacts**

For questions on this policy, please contact:

- Victoria Johnson  
Controller  
SPH Office of Financial Services  
1 617 432 3527  
[vjohnson@hsph.harvard.edu](mailto:vjohnson@hsph.harvard.edu)

Contact information for administrative offices referenced in this policy is as follows:

- SPH Research Administration  
Chief Research Administration Officer  
Frank Urso  
1 617 432 8156  
[furso@hsph.harvard.edu](mailto:furso@hsph.harvard.edu)  
  
Associate Director of Research Operations  
Kristie Froman  
1 617 432 8141  
[kfroman@hsph.harvard.edu](mailto:kfroman@hsph.harvard.edu)
- SPH Human Resources  
Senior Director of Human Resources  
Linda Picard  
1 617 432 2719  
[lpicard@hsph.harvard.edu](mailto:lpicard@hsph.harvard.edu)
- SPH Office of Faculty Affairs  
Associate Dean of Faculty Affairs  
Mahnaz El-Kouedi  
1 617 432 1381  
[elkouedi@hsph.harvard.edu](mailto:elkouedi@hsph.harvard.edu)

#### **V. Related Documents and Policies**

- ***SPH guidance on Outside Activities***  
<http://www.hsph.harvard.edu/faculty-affairs/outside-activities/>
- ***SPH Policy on Conflicts of Interest***  
<https://www.hsph.harvard.edu/faculty-affairs/outside-activities/hsph-policy-on-conflicts-of-interest-and-commitment/>
- ***Financial Conflict of Interest Policies and Reporting Procedures***  
<http://www.hsph.harvard.edu/faculty-affairs/outside-activities/conflicts-of-interest-and-commitment-reporting-website/>

- **Harvard University Procure-to-Pay Guide (Procurement Manual)**  
<https://internal.procurement.harvard.edu/resources>
- **Harvard Capital Equipment Policy**  
<https://osp.finance.harvard.edu/capital-equipment-policy>
  - **Harvard Chan School equipment guidance and forms**  
<https://ofs-adm.sph.harvard.edu/equipment>
- **Harvard University Travel Policy**  
General policy as well as the following appendices:
  - Appendix A: Detailed Guidelines for Air Travel
  - Appendix B: Detailed Guidelines for Ground Transportation
  - Appendix C: Detailed Guidelines for Lodging
  - Appendix D: Detailed Guidelines for Meals, Entertainment and Miscellaneous Expenses
  - Appendix E: Guidance for Combined Business and Personal Travel
  - Appendix F: Guidance for Spousal/Family Member Travel
  - Appendix G: Requirements for Travel Expenses Charged to Federal Awards<http://policies.fad.harvard.edu/pages/travel-0>
- **Harvard University Business Expense Reimbursement Policy**  
[http://policies.fad.harvard.edu/pages/business\\_expense\\_reimbursements](http://policies.fad.harvard.edu/pages/business_expense_reimbursements)
- **SPH Independent Contractor/Person of Interest Policy Procedures and Forms**  
<https://www.hsph.harvard.edu/human-resources/forms-resources/#contractor>
  - **Harvard Chan School Independent Contractor Process and Workflow**  
<https://cdn1.sph.harvard.edu/wp-content/uploads/sites/113/2015/03/ICProcessWorkflowJobAidFinal.pdf>
- **Harvard University Office of the General Counsel Model Documents, including sample contract language**  
<http://ogc.harvard.edu/pages/model-documents>
- **SPH policy on Managing Discretionary Funds for Departing Faculty**  
[https://ofs-adm.sph.harvard.edu/files/hsph-ofs/files/managing\\_discretionary\\_funds\\_for\\_departing\\_faculty\\_policy\\_july\\_2018\\_final.pdf](https://ofs-adm.sph.harvard.edu/files/hsph-ofs/files/managing_discretionary_funds_for_departing_faculty_policy_july_2018_final.pdf)