



Responsible Office:

Effective Date: July 1, 2020 – June 30 2021

Revision Date: April 22, 2021

Faculty Academic Salary Incentive Program (FASIP) for Sponsored Awards

Policy statement and reason for policy

FAS and SEAS faculty salaries reflect compensation for a nine-month period during the academic year. Faculty are not normally permitted to charge academic year salary to external awards and are discouraged from making commitments of academic year effort with no salary requested on sponsored projects unless a commitment is required by the sponsor. One exception to this practice on direct-charging of academic salary exists for faculty who wish to participate in the Faculty Academic Salary Incentive Program (FASIP).¹ This enables faculty who choose to participate in the program an opportunity to generate research funding that can be used at the faculty's discretion. FAS/SEAS faculty may elect to charge compensation to sponsored awards in accordance with the terms and conditions of the sponsored award and effort devoted to the project(s). FASIP is a voluntary program that enables FAS and SEAS faculty members to charge their academic year salary and associated benefits **in one, two, or three-month increments** to FAS/SEAS/Wyss-managed sponsored awards.

Each faculty member participating in the program will receive either; 75% of their salary and associated benefits paid by the sponsor if their awards bear the full federal on-campus overhead rate (currently 69%); or 33% for awards carrying less than the full overhead rate. Academic year salary charged to awards that pay less than the 15% minimum overhead rate do not qualify for FASIP if the salary charge is to make up an indirect cost shortfall. The savings will be calculated and paid out semi-annually and placed in a designated FAS/SEAS research fund for future use. This program may also be used to help faculty meet effort commitments to sponsors that exceed the maximum of three months of effort allowed under the FAS/SEAS supplemental salary policy. This policy revision will be in effect for one fiscal year (July 1,2020- June 30, 2021).

Who is eligible

This incentive program applies to all tenure-track or tenured FAS/SEAS faculty members who choose to participate.

What salary is eligible, what salary is ineligible

Salary eligible for participation in the FASIP includes the following:

- **Up to three months** of the faculty member's academic year's salary and associated benefits. These expenses must be charged to and paid by FAS/SEAS-managed sponsored awards (exceptions must be approved by the appropriate Divisional Dean or SEAS Dean).
- For SEAS-paid faculty with grants administered through the Wyss, up to three months of the faculty member's academic year's salary and associated benefits must be charged to Wyss managed sponsored awards.
- Faculty salary paid by Harvard while on sabbatical.

Salary ineligible for participation in the FASIP includes the following:

- Supplemental salary and benefits
- Academic year salary charged to awards that pay less than the 15% minimum overhead rate when the salary charged is to make up an indirect cost shortfall.

¹The other exception to this practice is the permitted direct-charging to non-federal grants of an allocable amount of faculty academic year salary and benefits that would have otherwise been funded from central sources (e.g., endowment) in order to comply with the *FAS and SEAS Policy on Assessments on Current Use Gifts and Sponsored Awards*.

- Faculty salary on sabbatical not paid by Harvard
- Emeritus faculty salary charged to sponsored awards

Clarification for direct charging academic year salary to an award with a salary cap

When academic year salary is charged to an award that has a sponsor-imposed salary cap (e.g. NIH), only the amount of salary and benefits charged up to the allowed salary cap would be eligible for the FASIP incentive. The amount of academic year salary and benefits that exceeds the cap will be paid by FAS/SEAS. However, salary amounts exceeding the cap and associated benefits are ineligible for the incentive payment.

Procedures for implementing this policy

1. For every dollar of eligible salary and associated benefits actually charged to applicable sponsored awards, the individual PI will receive either \$0.75 or \$0.33 depending on overhead rate of the award.
2. A research fund will be established for each participating FAS/SEAS faculty member. Distribution to this newly established fund will be credited semi-annually. Credits from the fall semester will post in Q3 (between January and March), and credits earned from the spring semester will post in Q4 (June close).
3. Research funds generated by the FASIP must be used to support research or scholarly activities. Funds may be used to pay for a faculty member's non-guaranteed or supplemental salary and/or used in accordance with FAS Supplemental Salary policy. The funds generated may also be used for salary and fringe of research assistants, equipment, travel, books, journals, electronic resources, laboratory and office supplies. For guidance, please refer to https://finance.fas.harvard.edu/files/fas_finance/files/faculty_start-up_funds_updated.pdf
4. These research funds will roll over year to year, but they may not be transferred to another institution.

School-Level contacts

If you have any questions regarding this incentive program, please contact:

Nuala McGowan (FAS Research Administration Services)
 Jay Herlihy or Nancy Guisinger (FAS Finance)
 Russ Porter (FAS Science Division)
 Beverly Beatty (FAS Social Science Division)
 Mathilda van Es (FAS Arts and Humanities Division)
 Pam Baker-Webber (SEAS)

Additional resources

Faculty Academic Salary Incentive Program FAQs: <https://research.fas.harvard.edu/personnel>

Faculty Financial Services: <https://finance.fas.harvard.edu/pages/policies-procedures>

Supplemental Salary: <https://research.fas.harvard.edu/policies/fas-supplemental-salary-payment-policy>

Academic Year Effort: <https://research.fas.harvard.edu/academic-year-effort>

Harvard's Effort Reporting Policy: <https://research.fas.harvard.edu/policies/effort-reporting-policy>

FAS and SEAS Policy on Assessments on Current Use Gifts and Sponsored Awards:

<https://research.fas.harvard.edu/news/new-policy-governing-assessments-gifts-and-sponsored-awards-%E2%80%9Cgrants%E2%80%9D>

Appendix A: Examples

Example 1: An FAS professor has a grant from NSF that bears the full overhead rate. She decides to participate in the voluntary program by putting 1 month of her academic year salary and benefits totaling \$25,500 on the grant for the fiscal year. Semi-annually, FAS Finance will place 75% (or a total of \$19,125 for the same period) in an unrestricted designated FAS research fund available to the professor. This fund can be used in accordance with the FASIP program policy.

Example 2: A SEAS professor has 3 awards that bear the full overhead rate with no sponsor-imposed salary cap. The professor has reviewed projected balances with his financial administrator, and it seems that each grant can afford his salary, fringe and associated overhead. The time spent on each award is approximately 1 month which is \$20,000. Fringe is 23.2%. He decides to participate in the program and direct charge the 1 month of academic year salary to each of the 3 awards (total of 3 months). Semi-annually, SEAS Finance will place 75% (or a total of \$55,440) in an unrestricted designated SEAS research fund available to the professor. This fund can be used in accordance with the FASIP program policy.

Example 3: One month of salary for an FAS professor is \$20,000. The professor has an NIH grant that bears the full overhead rate. She has 1 month of effort on this award and decides to participate in the FASIP. The NIH has a salary cap of \$16,441.67. The direct charge to the NIH award for salary is \$16,441.67 plus the fringe rate of 23.2% which is a total charge of \$20,256.14. Semi-annually, FAS Finance will place 75% (or a total of \$15,192.10) in an unrestricted designated FAS research fund available to the professor. This fund can be used in accordance with the FASIP program policy.

In addition, the difference between one month of salary and the NIH salary cap for one month will be paid by FAS/SEAS. That is \$20,000 minus \$16,441.67, for a total of \$3,558.33. Please note that this \$3,558.33 is not directly charged to the NIH grant; therefore, the salary covered by FAS/SEAS is not considered eligible salary for the 75% incentive payment under FASIP.

Example 4: A SEAS faculty member, whose salary is also covered by SEAS and is a faculty member at the Wyss, has a DARPA award carrying full overhead at the Wyss. The faculty member budgeted 1-month salary at her current rate of \$18,000/month and decides to participate in the FASIP program and charge this 1 month as academic year salary. Fringe is 23.2%. Semi-annually, SEAS will place 75% of the salary and fringe (\$16,632) in an unrestricted designated SEAS research fund available to the faculty member. This fund can be used in accordance with the FASIP program policy.

Example 5: An FAS professor has a grant from a foundation that bears 20% overhead rate. She decides to participate in the voluntary program by putting 1 month of her academic year salary and benefits totaling \$25,500 on the grant for the fiscal year. Semi-annually, FAS Finance will place 33% (or a total of \$8,415 for the same period) in an unrestricted designated FAS research fund available to the professor. This fund can be used in accordance with the FASIP program policy.