

Fellowship Stipends, Salaries, and Stipend Supplementation

Purpose

The purpose of this document is to outline a best practices approach for FAS regarding questions around supplementing stipends or setting up a secondary appointment for work performed on sponsored awards.

Definitions

Stipend: A form of support paid to an individual, typically originating from a fellowship that is meant as a subsistence allowance to help defray living expenses during a research training experience. Stipends, separate and distinct from other forms of support such as salaries and wages, are not provided in exchange for services performed by the individual. Stipends are normally considered reportable gross income to the recipient and are paid to the individual without tax withholdings by the institution, unless a fellowship is for required tuition and fees for a degree program (qualified payment). For more information on tax implications for US and non-US citizens, please refer to Harvard Financial Administration's Fellowships Toolkit (<http://policies.fad.harvard.edu/fellowships-vs-reimbursements>).

Stipend Supplementation: Additional support in the form of additional stipend paid to an individual from a sponsored or institutional funding source other than the original source of the stipend.

Compensation: A form of income paid in exchange for work or services performed. Compensation, also referred to as "salary" or "wages", is considered taxable income.

Background

While sponsors differ in their guidance by agency and award mechanism, Harvard University's [Sponsored Expenditure Guidelines](#) Compensation Section states that "Payments to supplement a fellowship are unallowable on any federal award." For purposes of this document, we interpret this University guidance as referencing stipend supplementation, not salary in the form of a second appointment.

Postdoctoral fellows and graduate students are often encouraged to apply for and accept fellowships or grants to support their scientific research while in a faculty member's lab. In many cases, the awards include a stipend to defray living expenses. Stipends are not an exchange for service and do not typically cover the full amount Harvard has agreed to pay the graduate student or postdoctoral fellow as outlined in their student support letter or appointment letter. This results in a variance between what they are being paid through a stipend and their appointment letter. The optional scenarios below provide guidance on when stipend supplementation is appropriate and when it would be appropriate to set up a second salaried appointment to meet Harvard's financial commitment.

In order to determine whether stipend supplementation or a second salaried appointment is the best approach for support, sponsored award terms and conditions dictated by the stipend source as well as the secondary source of support (stipend supplementation or second salaried appointment) must always be considered.

Option 1: Stipend Supplementation for Fellowship with Effort Commitment Requirement

To supplement a stipend means to provide additional support in *the form of additional stipend* to an individual from a sponsored or institutional funding source other than the original source of the stipend (e.g., the fellowship or training grant). Such stipend supplementation often occurs when there is a gap

between the stipend amount received from an external fellowship and the amount specified in Harvard's appointment letter. In order to receive such supplementation, the following three criteria must apply:

1. The stipendee sponsored award (e.g., fellowship or training grant) does not allow the individual to engage in other activities outside of those specified in the award terms or proposal.
2. The individual must perform research that is similar to research performed or trainee experience to the original stipend source.
3. The source of the supplementing funds must be either institutional funds or non-federal sponsored funds where either the sponsored award terms and conditions do not restrict such supplementation or the sponsor approval has been obtained if needed.

Both the original source of stipend and the source of stipend supplementation should be expensed using object codes 6440 (Graduate Students) or 6450 (Postdoctoral Fellows).

Option 2: Two appointments: Salary Appointment in Addition to Stipend Fellowship Appointment

Stipend supplementation should not be confused with using formal salary compensation in order to ensure the individual receives the total amount listed in their Harvard student support or appointment letter. If the individual is to receive such compensation, the following must be considered:

1. The individual must fulfill their commitment to the stipend source, following the fellowship's FTE requirements.
2. The research project which generates the salary/compensation must be separate and distinct from research designated in the fellowship award.
3. The source of the salary can be a federal or non-federal research award or institutional funds, consistent with the terms of the agreements providing stipend and salary support do not restrict the appointee from receiving salary. The salary paid must represent the actual work expended on the project.

In the cases above where an individual receives both stipend and compensation by fulfilling the above requirements, stipend costs should be expensed under objects codes 6440 (Graduate Students)/6450 (Postdoctoral Fellows) and compensation should be expensed as 6140 (Graduate Students)/6150 (Postdoctoral Fellows).

Examples

Example 1: Please see an example below of stipend supplementation where salary would not be permitted:

A graduate student in a lab is assigned to a NIH T32 award. The award pays a stipend of \$23,376 and \$4,200 towards tuition. However, according to this graduate student's FY17 Harvard appointment letter, they are to be paid a stipend amount \$36,500 and the tuition costs are \$16,000. Under this award, full-time effort is required for the T32 award and does not allow the individual to engage in other activities outside of the T32 award. The graduate student's assistance is needed on another NIH award (e.g., an R01 grant) in Dr. X's lab. The R01 research grant is the same research that is a part of the trainee's planned training experience under the T32 award.

This example is a situation where a second salaried appointment would not be allowable on the R01 due to both awards performing the same research. In this example, it would be appropriate for the

department to supplement the graduate student's stipend and tuition from a non-federal funding source that would not prohibit this use of funds and expend to object code 6440.

If the science was different between the T32 and R01, then it would be appropriate to set up a second appointment with salary support using object code 6140.

Example 2: An example where a second salaried appointment is permitted:

A graduate student in a lab has just received a F31 fellowship from NIH. The award includes a stipend of \$31,000 and \$5,000 towards tuition. However, according to this graduate student's FY17 Harvard appointment letter, they will be receiving a stipend amount \$36,500 and tuition costs of \$16,000. Per the NIH Grants Policy Statement, NIH allows Kirschstein-NRSA fellows to seek part-time employment as long as the additional funds are paid from a research grant which is not pursuing the same research that is part of the student's fellowship award. The graduate student is currently participating in an unrelated NIH research project. NIH expects that compensation from research grants will be for limited part-time employment apart from the normal full-time training activities.

This is not a situation where a department would need to provide stipend supplementation to an existing fellowship. It would be appropriate in this instance to appoint a secondary position and compensate that fellow for work performed on the NIH project if the compensation is reasonable for the work performed. Because the award terms do not require the student to commit 1 FTE to the fellowship program, they are free to reasonably participate in other projects provided that their paid activities do not interfere with, detract from, or prolong the fellow's F31 training program.

Example 3: Please see an example below of a salary appointment with no stipend supplementation:

A post-doctoral fellow receives a fellowship from the Life Sciences Research Foundation (LSRF). The fellowship pays a stipend amount of \$50,000/year for 3 years. However, based on the post-doc's experience and the stipend levels, their salary is \$62,000/year. Harvard still owes the post-doc \$12,000 per year according to the signed offer letter.

The terms and conditions of the LSRF fellowship indicate that the stipend may be supplemented with the condition that the fellow must not hold two fellowships concurrently and that they must spend a majority of time on their LSRF fellowship. The post-doc's mentor wants him/her to work on research related to a U01. The work is different than the scope of work outlined in the LSRF fellowship.

This is a situation where the department could set up a second appointment under object code 6150 to pay the post-doc from the U01 as long as the salary charged was commensurate with the effort expended on the U01. The post-doc could still be paid a stipend from their LSRF. This scenario would not be considered stipend supplementation. The U01 is not paying for the post-doc's work on the LSRF fellowship. This is the distribution of effort within a post-doctoral appointment.

Other considerations

Tuition

In some instances the financial support for a stipend or salary from a sponsored award or fellowship may not be commensurate with the tuition support. At Harvard, tuition remission as part of total compensation is not captured in ecrt and, therefore, not directly certified in the ecrt with effort.

In order to meet effort reporting requirement without including tuition remission payments explicitly on salary certification forms, the allocation of tuition remission costs on research awards must match the distribution of work effort as reported through salary charges. as indicated in the Harvard Please see [Harvard's Tuition Policy](#) for more information.

Definitions:

Tuition Remission: The portion of a salaried graduate student's tuition and fees charged to sponsored research awards as part of compensation package for performing necessary work on the research project. The allocation of tuition payments must be no more than salary distribution of relevant work effort on the research award. Tuition remission is subject to effort reporting.

Tuition Support: A scholarship payment made to an individual who has a stipendee status during a period of academic appointment. The tuition support is not compensation for services rendered. In general, it should only be charged to sponsored training grants and sponsored fellowship awards when the primary purpose is to aid the individual in pursuit of personal studies or research.

Effort certification (ecrt)

Once you have determined the appropriate approach for the distribution of salary, please consider how this may impact our effort certification system, ecrt. Ecrt does not pull in stipend object codes (64xx), since stipends are not related to effort. Ecrt bases the percentage of effort on the distribution of total salary paid. If a person has an appointment under 6440 and a Research Assistant appointment under 6140, then only the salary from 6140 will be pulled into ecrt. This has the potential to incorrectly capture one's effort. Please contact your Tub Effort Coordinator (TEC) for guidance if you encounter this situation.

Resources:

[Harvard Financial Administration's Fellowships Toolkit](#)

[Harvard's Sponsored Expenditure Guidelines](#)

[Harvard's Stipends on Sponsored Awards](#)

[Harvard's Tuition Policy](#)

For questions or additional guidance, please contact **Linda Ross**, Senior Compliance and Reporting Specialist (linda_ross@fas.harvard.edu) and/or **Jacqueline Uchendu**, Manager of Research Finance, Compliance and Training (juchendu@fas.harvard.edu) at FAS Office of Research Administration.