

Processing Institutional Allowances Matrix

Some sponsored funding offers an institutional allowance to offset certain expenses on what is most commonly a stipend. The National Institutes of Health (NIH) is one of these sponsored sources which provides an Institutional Allowance or Training Related Expenses to individuals who are classified as nonemployee fellows. These types of payments are considered nonqualified (taxable) payments to individuals and must be processed properly to comply with tax and reporting requirements. In discussion with the Office of the Controller, Tax Office, and University Compensation Office, the below processes and earnings codes should be used when charging institutional allowances. While infrequent, the same process would be followed using non-sponsored awards. Please note that this information is subject to change and will be updated as needed. Some unions (e.g., HUCTW or HGSU – HAW), may offer additional support for childcare or health expenses. Members should refer to their appropriate [contract](#) and local HR office for guidance. See [NRSA Child Care Costs or Childcare Cost Matrix](#) for additional guidance.

Award Type	Individual Appointment Type	May Fund	Tax Implications	Object Code(s) Code/Fringe	Processes + Notes
Krischstein National Research Service Award (NRSA) Fellowships F30/F31/F32 Awards See NRSA Institutional Allowance and Training Related Expenses Guidance .	MEP – External Post Doc (eligible extended benefits) - 6450 OR MEP – External Post Doc (inelig benefits) - 6452	<ul style="list-style-type: none"> • Research Supplies and Equipment (nonqualified) • Travel (nonqualified) • Health Insurance (nonqualified) • Medical Liability and Other Special Insurance (nonqualified) 	Expenses are considered nonqualified / taxable expenses.	Best Practice: 6450/6261 6452/N/A	NRSA awardees are required to be U.S. citizens or permanent residents and must self-report to the IRS. Best Practice is to process expenses to the fellow as a payment request (PR) as a fellowship/grant. If a school purchases expenses directly, (e.g., supplies, equipment, travel) the school must communicate to the fellow the value of these expenses and that they must be self-reported by the recipient. Reimbursements to fellows should be processed as a payment request and not a nonemployee reimbursement for tax reporting purposes. See Sample Tax Language and General Fellowship Information Brochure under Related Resources.
Krischstein National Research Service Award (NRSA) Training Grants T32/T34/T35 Awards See NRSA Institutional Allowance and Training Related Expenses Guidance .		<ul style="list-style-type: none"> • Health Insurance (nonqualified) • Medical Liability and Other Special Insurance (nonqualified) • Staff Salaries (qualified) • Speaker Fees (qualified) • Extraordinary Costs (nonqualified) 	Unless the expense is a qualified / nontaxable Harvard business expense (e.g., staff salaries or speaker fees), these expenses are considered nonqualified / taxable expenses. This includes expenses incurred directly by Harvard. See General Fellowship Information Brochure under Related Resources.	Best Practice: 6450/6261 6452/N/A	NRSA awardees are required to be U.S. citizens or permanent residents and must self-report to the IRS. Best Practice is to process expenses to the fellow as a payment request (PR) as a fellowship/grant. If a school purchases nonqualified expenses directly, e.g., supplies, equipment, travel) the school must communicate to the fellow the value of these expenses and that they must be self-reported by the recipient. Reimbursements to fellows should be processed as a payment request and not a nonemployee reimbursement for tax reporting purposes. See Sample Tax Language and General Fellowship Information Brochure under Related Resources. Nontaxable / qualified expenses must follow accountable plan rules for processing.

Award Type	Individual Appointment Type	May Fund	Tax Implications	Object Code(s) Code/Fringe	Processes + Notes
NSF Doctoral Dissertation Research Improvement Grants (DDRIG)	N/A	Salary – research assistant Equipment (property of Harvard) Travel to conduct field research, data collection activities Human subject payments Publication costs for articles derived from DDRIG research	Based on a review by the Tax Compliance Office, expenses can be considered qualified (nontaxable) if they comply with Harvard’s Travel and Business Expense policies and IRS Accountable Plan rules.	Varies based on expense	Purchase directly or process as a nonemployee reimbursement to the student. Reflect in the business purpose/transaction lines a detailed who, what, where, when, why that makes it clear the work is for the benefit of Harvard. An example for a reimbursement might be along the lines of: <i>SEP2022 Lodging/Rent on site in XXXXX research for NSF DDRIG Networks of Support + Solidarity. Research benefits Harvard and qualified expense per Tax Compliance.</i>
Other Non-Federal Funding	Harvard Students MST - Harvard Student – Monthly Stipend – 6440	Most often to support a student in living expenses or their own personal, professional development, but varies based on funding type and budget.	Most often a nonqualified / taxable expense and follows same tax withholding and reporting requirements as standard fellowship appointment or fellowship/grant payment.	6440/N/A	If payment is linked to a current MST appointment, process as additional MST payment through school’s student financial aid office. Paid as STR/STN and paid on next scheduled check. See General Fellowship Information Brochure under Related Resources.
Other Non-Federal Funding	Nonemployee Paygroup: MEP – External Post Doc (eligible extended benefits) OR MEP – External Post Doc (inelig benefits)	Varies based on funding and budget.	Most often a nonqualified / taxable expense and follows same tax withholding and reporting requirements as standard fellowship appointment or fellowship/grant payment.	6450/6261 6452/N/A	Process as additional fellowship payment in PeopleSoft using earnings code FEL/FNR and will be paid on next available check. See General Fellowship Information Brochure under Related Resources.
Other Non-Federal Funding	Nonpaid Appointments	Some individuals may hold unpaid appointments at Harvard with Harvard covering one-time fellowships to cover insurance, childcare, etc.	Follows same tax withholding and reporting requirements as standard fellowship/grant payments.	Harvard Students – 6460/N/A Nonstudents – 6455/N/A	Process payment to individual in B2P as a fellowship/grant. Do not outside vendor directly.