Compensation to Research Subjects or Survey Participants

I. Purpose
To provide guidance when research projects require the participation of human subjects and compensation is offered as an incentive. This guidance is necessary to ensure the proper handling of confidential research subject information and ensure compliance with reporting requirements associated with compensating research study participants.

II. Definitions
- Human Subject/Research Participant: A living individual about whom an investigator conducting research obtains data through intervention or interaction with the individual or identifiable private information.
- Imprest Fund: An advance from the University to an individual custodian to provide change or make payments of relatively small amounts for authorized purchases of supplies, non-personal services and research subjects.
- Declining Balance Procurement Card: A procurement card with limited time and value used to make authorized purchases of award items for research subjects or survey participants and, if approved, cash payments to research subjects or survey participants.
- Incentive Awards and Prizes: Under Kentucky Charitable Gaming guidelines (KRS 238.505 (7)), provided there is no requirement of ticket purchases, a drawing may be used to encourage participation in a particular research protocol. The prize(s) may be in the form of cash, check, gift card or other incentive. (The dollar value of a prize is limited to $500 or less and must be in accordance with the Office of Research Integrity (ORI) guidelines for compensation to research subjects.)
- Loadable Card: A reloadable prepaid debit card available as a payment mechanism that can be used for one payment or multiple payments at different times.

III. Responsibilities
- Principal Investigator (PI) and their Business Staff
  o If the study is funded by an externally sponsored agreement and a WBS element is established through the Office of Sponsored Projects Administration (OSPA), the PI and their business staff ensure the compensation method is allowable, allocable, reasonable and in accordance with any specific sponsor guidelines.
  o Ensures all incentive drawings are in accordance with ORI guidelines for compensation to research subjects.
  o Authorizes all compensation to research subjects.
  o Compensates research subjects as soon as possible following participation in a study.
  o Ensures research projects are not charged for expenses related to compensation of research subjects until after the subject has provided the services.
  o Maintains detailed records for each participant and each payment issued for audit and reconciliation purposes.
  o Obtains and maintains appropriate and sufficient documentation to satisfy sponsor and federal regulatory requirements, including the IRS requirement to report total payments of $600 or more to an individual during a calendar year.
  o Complies with University policy and procedures for procurement card purchases/payments per BPM B-3-2-1.
Completes monthly reconciliations for declining balance cards, loadable cards and/or imprest accounts by the 15th of the following month. Submits reconciliations for declining balance cards and loadable cards on a monthly basis to Accounts Payable Services and reconciliations for imprest accounts on a quarterly basis to Treasury Services.

- Maintains records in a way to comply with privacy and IRS regulations.

- Accounts Payable Services
  - Audits requests by Payment Request Document (PRD).
  - Audits requests for reimbursements of imprest cash expenses.
  - Audits reconciliation reports of declining balance procurement cards and loadable cards. Processes JVs, produces activity reports, and underwrites applications related to loadable cards.
  - Issues 1099-MISC forms for individuals who earn $600 or more in a calendar year.

- Treasury Services
  - Reviews and approves requests for imprest cash funds.
  - Audits reconciliations for imprest cash accounts.

IV. **Policy**
This policy establishes the requirements related to and options available for compensation of research subjects. IRS rules require the University to issue a Form 1099-MISC to anyone, including research subjects, to whom aggregate payments of $600 or more were made during a calendar year.

V. **Payment Options**
Below are the four options available to pay individual research subjects:

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Dollar Threshold</th>
<th>Reconciliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Check via PRD</td>
<td>Any amount, but required for single payments of $600 or greater</td>
<td>Performed monthly and maintained in the unit</td>
</tr>
<tr>
<td>Imprest Account</td>
<td>Single payments of $500 or less</td>
<td>Performed monthly and submitted to UFS quarterly</td>
</tr>
<tr>
<td>Declining Balance Procurement Card</td>
<td>Single payments of $100 or less</td>
<td>Performed monthly and submitted to UFS monthly</td>
</tr>
<tr>
<td>Loadable Card</td>
<td>Single payments less than $600</td>
<td>Performed monthly and submitted to UFS monthly</td>
</tr>
</tbody>
</table>

The research subject participant must be authorized by the Institutional Review Board (IRB). IRS rules require the University to issue a Form 1099-MISC to anyone, including research subjects, to whom aggregate payments of $600 or more were made during a calendar year. If a reconciliation is not submitted by the deadline, other options will be suspended, and the only payment option will be by University check.

VI. **Compensation Procedures**
1. **$100 or less**
   a. Compensation of cash of $100 or less may be paid/acquired using the
following
1) By University check payable to the subject/participant using the one-time payment feature in PRD.
2) By imprest account.
3) By declining balance procurement card.
4) By loadable card. Participant ID number and project name must be entered in upload information.

b. Compensation of non-cash items of $100 or less may be paid/acquired using the following
1) By University check payable to the vendor.
2) By procurement card – used for non-cash compensation ONLY. May not be used for gift card purchases. Use Concur Expense Type Non Cash Research Subject Payments or Incentives for the procurement card allocations to ensure appropriate tracking.

c. Documentation required for cash or gift card compensation
1) Regardless of the payment method, a Request and Authorization for Payment of Human Research Subjects and/or Participants form or a signed statement from the subject(s)/participant(s), or the responsible individual for minors, certifying they participated in the research project and acknowledging they have received or will receive the cash or gift card must be provided as documentation.
   a) If paid by imprest account or University check, this document should be attached to the PRD labeled documentation.
   b) If paid with a declining balance procurement card, this document should be retained with procurement card edit documentation and a copy shall be included with the monthly reconciliation report.
   c) If paid with loadable card, this document should be included with the monthly reconciliation.
2) For payments made to third party providers of research services (i.e. Survey Monkey) for gift cards or making online account credits (e.g., Amazon or eBay) to research subject(s)/participant(s), attach a statement or invoice from the provider that lists the names of the subject(s)/participant(s) and the dollar amount/value of the compensation.
3) The total value of a group of gift cards purchased should not exceed a single month’s worth of expenses. For gift cards not used, an expected date of use should be included on the reconciliation. Appropriate safeguard controls should be exercised over unused inventory of cards.
   a) If paid by imprest account or University check, the invoice should be attached to the PRD labeled documentation.
   b) If paid with a declining balance procurement card, the invoice should be attached to the Concur procurement card allocation report and a copy shall be included with the monthly reconciliation report.

d. Documentation required for non-cash compensation
1) Incentives other than cash or gift cards may be given to subject(s)/participant(s) without requiring written acknowledgement by the recipient provided they are authorized and approved by the PI. Procurement card edit documentation or the supporting authorization document must be approved through Concur workflow.
e. Expenses may be charged directly to a “3” WBS element (grant) provided the transactions are authorized and approved by the PI and the research subject/participant has completed the service. Procurement card edit documentation or the supporting authorization document must be signed by the PI.

2. Greater than $100 and up to $500
   a. Compensation of cash or non-cash items greater than $100 and up to $500 may be paid/acquired using the following
      1) By University check using Payment Request Document (PRD). The subject/participant must be established as a vendor in the PRD database. Vendors are established through PaymentWorks or a completed and signed IRS W-9 Form can be forwarded to the Purchasing Division. The information provided in PaymentWorks or the IRS W-9 should not include the nature of the research study or other confidential information about the participant.
      2) By imprest account. A single payment from an imprest account may not exceed $500.
      3) By loadable card. Participant ID number and project name must be entered in upload information.
   b. Documentation required for cash or gift card compensation:
      1) An IRS W-9 form must be completed and signed by the participant.
         a) In the case of payment by imprest account or University check, the W-9 must be provided to Purchasing to establish the individual as a vendor prior to creating the PRD.
         b) In the case of payment by loadable card, this document should be included with the monthly reconciliation.
      2) A signed statement from the subject/participant certifying they participated in the research project and acknowledging receipt of the payment or that the payment is forth coming. A single statement may be used to document incremental payments made throughout the project.
         a) In the case of payment by University check, this should be attached to the PRD and labeled as documentation.
         b) In the case of payment by loadable card, this document should be included with the monthly reconciliation.
   c. Documentation required for non-cash compensation
      1) An IRS W-9 form must be completed and signed by the subject/participant.
         a) If purchased with a University check, this should be attached to the PRD labeled as W-9.
      2) A signed statement from the subject/participant certifying they participated in the research project and acknowledge receipt of the non-cash compensation.
         a) If payment by University check, this should be a separate attachment to the PRD from the W-9 and labeled as documentation.

3. Greater than $500 and less than $600
   a. Compensation of cash or non-cash items greater than $500 and up to $600 may be paid/acquired using the following
      1) By University check using Payment Request Document (PRD). The
subject/participant must be established as a vendor in the PRD database. Vendors are established through PaymentWorks or a completed and signed IRS W-9 Form can be forwarded to the Purchasing Division. The information provided in PaymentWorks or the IRS W-9 should not include the nature of the research study or other confidential information about the participant.

2) By loadable card. Participant ID number and project name must be entered in upload information.

4. **$600 or More**
   a. Payment is required to be made by University check.
   b. Subject/participant should be established as a vendor. Vendors are established through PaymentWorks or a completed and signed IRS W-9 Form can be forwarded to the Purchasing Division. The information provided in PaymentWorks or the IRS W-9 should not include the nature of the research study or other confidential information about the participant.
   c. Do not use the one-time payment feature.

**VII. Nonresident Aliens**
Compensation to nonresident aliens must be made by check through the PRD process with proper documentation. Additional information can be found in BPM E-7-7 Payments to Nonresident Alien Individuals.