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# Paying Participants

This policy details the process for the payment of compensation to human subjects participating in research projects at Knox College. Knox College faculty and staff have the legal obligation to both maintain confidentiality of individuals who take part in College research studies and satisfy the demands of financial accountability. Therefore, this payment process has been designed to maintain research subject confidentiality to the extent possible under the law, while also meeting Internal Revenue Service (IRS) reporting requirements and conforming to the College's standard accounting and payment practices. This policy and the associated procedures are administered by the Office of the Dean of the College (DOC) in conjunction with the Business Office.

## *A. Process Goals*

The method of compensation set forth in this document is designed to achieve the following goals:

- Ensure the confidentiality of research participants.
- Provide timely, convenient compensation to participants to facilitate, not hinder, the study.
- Provide sufficient financial documentation for the College's records and for IRS purposes.
- Provide sufficient documentation that compensation was provided to research subjects as incentive to participate in a study.
- Ensure that appropriate internal controls and adequate safeguards exist for items of value used to compensate, whether cash, checks, or other.

## *B. Organizational Responsibilities*

**The Principal Investigator (PI)** is responsible for justifying the details of subject compensation in the payment protocol, which must be submitted (via email), reviewed, and approved by the Associate Dean for Faculty Affairs in the Office of the Dean of the College (DOC) prior to performing the research. The payment protocol must specify the amount of payment to research participants and the proposed method and timing of disbursement of all payments. The DOC will give **final** approval of the payment protocol **only after** the research project has been approved by the Institutional Review Board (IRB); conversations between the PI and DOC may begin earlier in the process, however. The PI is also responsible for the accountability of funds received and disbursed to research participants; in the case of student-initiated projects, the student (not the student's mentor) is the PI.

**The Office of the Dean of the College (DOC)** is charged with the responsibility for oversight and approval of payments to research subjects from College administered funds. The DOC is responsible

for working closely with the Business Office to ensure that all financial records and reporting meet the highest standards of financial accountability and are allowable on the specific sponsored program contracts and grants.

### ***C. Limitations, Restrictions, and Special Considerations***

#### **1. Prior Approval**

Any research project that will include payments to human subjects must have the prior approval of the Institutional Review Board. In addition, the PI must receive prior approval of the payment protocol from the DOC. The DOC cannot provide final approval of the payment protocol until the IRB has approved the research project.

#### **2. IRS Regulations**

The Internal Revenue Service (IRS) requires human subject payments aggregating \$600 or more paid to an individual during a calendar year to be reported on Form 1099-MISC, Miscellaneous Income. Aggregate payments to subjects in approved studies must be carefully tracked to ensure compliance with this requirement; this will be done by the DOC.

#### **3. Payments to Knox College Employees**

Any payments to subjects who are Knox College employees (including student workers) must be processed through payroll and reported to the IRS as W-2 wages *unless the services performed are dissimilar to the services performed in the employee's regular job*. Payments that are similar to the employee's regular job are subject to income tax and other withholdings as applicable. If the services performed are dissimilar, the payments should be processed in accordance with policies for non-Knox College employees.

#### **4. Payments to professional research participants (e.g., MTurk workers).**

If participants in a research project are paid directly by a separate organization (e.g., Amazon, a list brokerage firm), the organization from which the participants were recruited is responsible for all reporting to the IRS. As such, if all participants in a research project are in this category of participant, the PI does NOT need to submit a payment proposal to the DOC. Instead, the PI should pay the recruiting organization via a check requisition (or by being reimbursed him/herself) from the Business Office in the same manner as s/he would pay (or be reimbursed for) other types of research expenses (e.g., equipment, etc.).

#### **5. Payments to Non-Resident Foreign Nationals**

There are various tax and policy issues that must be addressed regarding payments to known non-resident foreign nationals (including foreign students). Payments made to Human Subjects who are nonresident nationals less than \$50 should be paid through policies and

procedures in this policy. ***Researchers anticipating payments to non-resident foreign nationals in excess of \$50 should contact the DOC for guidance prior to making such payments.***

## ***D. Forms of Payment***

There are four types of payments that may, if approved by the DOC, be used as incentives for participating in research as a subject.

### **1. Cash**

PIs may obtain a cash advance from the DOC. Research participants may be paid no more than \$15 each in cash from this advance. Each research project Payment Voucher request may not exceed the sum of \$500 without the approval of the Vice President for Finance and Administrative Services. See the section on “Procedures – Cash, Gift Cards, & Gift Certificates” for further information. (See relevant sections below for payments over \$15 in value.)

### **2. Gift Cards & Gift Certificates**

Using negotiable items, such as gift cards or gift certificates, requires very strict accountability. *The IRS considers gift cards/certificates to be cash equivalents; thus, the same tax issues apply to these as with cash payment.* In particular, if the gift card or gift certificate is worth more than \$15.00, then the PI must also have the research participant complete a W-9 form and provide this form to the DOC, as the gift may be taxable; researchers should mention this fact in their consent forms. Therefore, these negotiable items must be treated like cash and PIs are accountable for their safekeeping and appropriate documentation of their distribution to subjects. Also, PIs must obtain gift cards and gift certificates through the DOC. See the section on “Procedures – Cash, Gifts, Gift Cards, & Gift Certificates” for further information.

### **3. Gifts**

PIs may provide tangible gifts to research participants as an incentive. See the section on “Procedures – Cash, Gifts, Gift Cards, & Gift Certificates” for further information. If the gift is worth more than \$15.00, then the PI must also have the research participant complete a W-9 form and provide this form to the DOC, as the gift may be taxable; researchers should mention this fact in their consent forms.

### **4. Payments via Knox College Accounts Payable**

Subjects may be paid by issuing a check request via Accounts Payable. For studies that anticipate payment to subjects via Accounts Payable, the following information must be included in the informed consent: *“Personal information about me, including my name, address, and social security number, may be released to the College for the purpose of payment and for tax*

*reporting to the Internal Revenue Service (IRS), if necessary.*" Note that before a new vendor (in this case, "vendor" refers to the research participant) will be added, a Form W-9 must be obtained. Payment to participants (that are not gift cards, gift certificates or gifts) over \$15.00 should be given through Knox College Accounts Payable.

Accordingly, issuing a College payment to a research subject might present a confidentiality issue and care should be exercised to avoid a breach in confidentiality in this case.

Relevant links:

<https://www.knox.edu/offices/business-office/accounts-payable>

[https://www.knox.edu/Documents/BusinessOffice/W9\\_Form.pdf](https://www.knox.edu/Documents/BusinessOffice/W9_Form.pdf)

[https://www.knox.edu/Documents/BusinessOffice/Check\\_Requisition\\_Form.pdf](https://www.knox.edu/Documents/BusinessOffice/Check_Requisition_Form.pdf)

### ***E. Procedures – Cash, Gifts, Gift Cards, & Gift Certificates***

1. PIs must request permission from the DOC to pay research participants with cash, gifts, gift cards, & gift certificates. This should be done in a payment protocol submitted via email to the Associate Dean for Faculty Affairs. The payment protocol should include the following information: a brief summary of the nature of the research, a statement of the activities that the research participant will complete (e.g., fill out surveys, be interviewed, etc.), anticipated dates of research, anticipated number of subjects, method of payment (i.e., cash, gift cards, gift certificates, tangible gifts, or checks) and amounts to be paid. The schedule is for planning purposes only.
2. During the conduct of the research, PIs need to record the subject's name, date, amount of payment, and signature of the recipient on the *Participant Payment Record form*. ***This form is a formal financial record and should be returned to the DOC once the project is completed.***
3. If the study has ended and all of the allocated funds have not been paid to subjects, the balance must be returned for credit to the appropriate research expense account.

If the study is to continue and additional funding is needed, the existing cash advance or gift card/certificate amount must be reconciled prior to the release of the additional funds.

### ***F. Procedures – Payments via Knox College Accounts Payable (this option will only be used if you are not paying subjects by cash, gifts, gift cards, or gift certificates)***

1. PIs must complete a Check Requisition form.

<https://www.knox.edu/offices/business-office/accounts-payable>

This form should be signed by the PI and include the payee name and address, nature of the research, date(s) of participation and amount to be paid.

2. During the conduct of the research, PIs need to record the subject's name, date, amount of payment, and signature of the recipient on the *Participant Incentive Payment Log form*. This form should be turned in to DOC after the project is completed. A copy of this form should be attached to the Check Requisition Form.

[https://www.knox.edu/Documents/BusinessOffice/Check\\_Requisition\\_Form.pdf](https://www.knox.edu/Documents/BusinessOffice/Check_Requisition_Form.pdf)

3. Once the study has been completed, a copy of all Participant Payment Records should be forwarded to the DOC.

### ***G. Annual Reporting to the Business Office***

Each calendar year by January 3rd, the DOC will send a list of all payments made during the previous year to the Business Office to determine whether issuing 1099-MISC forms will be required. Along with the research subject payments, the College might have other 1099-MISC qualified items that have been processed by the Business Office. 1099-MISC forms are due to the recipient and the IRS by January 31<sup>st</sup> following each calendar year and therefore these forms must be produced by the Business Office by January 15<sup>th</sup> to comply with the IRS due dates.