

Western Michigan University Research Participation Compensation Policies and Procedures

Purpose:

To establish procedures for payments made by Western Michigan University to individuals receiving compensation for participation in research projects, surveys, or studies (research participation payments); and to ensure compliance with federal income tax and/or employment tax withholding requirements and proper reporting of payments to the Internal Revenue Service (IRS)

When research participants are compensated for their participation, the method of compensation should be designed to achieve these 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 University's records and for IRS reporting purposes.
- Provide sufficient documentation that compensation was provided to research subjects for participation in a study.
- Ensure appropriate internal controls and adequate safeguards exist for items of value used to compensate participants, whether cash, checks or other.

Determining Method of Compensation

The method of compensation should take into account the following:

- Nature and subject matter of the study.
- Dollar amount and time period of payments.
- Variability in the amount of payments.
- Number of payments and participants involved in the study.
- Location of the study.
- Confidentiality issues.
- Whether participant is employee, student or other.

Compensation may be in the form of cash, gift cards, or check depending on the circumstances of the study and the dollar amounts involved.

Roles and Responsibilities

Principal Investigator/Researcher – is responsible (either directly or via an appointed designee) for:

- Maintaining Human Subject Institutional Review Board (HSIRB) approval for duration of study;
- Safeguarding the research funds prior to distribution;
- Issuing individual payments to study participants as checks, cash or gift cards;
- Securing appropriate documentation for each study participant's payment acknowledging financial distribution;
- Reconciling and replenishment of funds not less often than quarterly.

Academic Department- is responsible for oversight of study participants' payments from internally funded projects and maintaining study participant confidentiality during research related financial transactions.

Western Michigan University Research Participation Compensation Policies and Procedures

Grants and Contracts – is responsible for the oversight of study participants’ payments from externally funded projects and maintaining study participant confidentiality during research related financial transactions. The academic department is responsible for oversight of internally funded projects.

Human Subject Institution Review Board – is responsible for reviewing and approving protocols which involve research subjects. Informed consent documents must include a statement regarding collecting personal information if the subjects are to receive compensation.

Accounts Payable – is responsible for sending out IRS Form 1099-MISC, Miscellaneous Income at the end of each calendar year.

Policy

- IRS Regulations – The Internal Revenue Service (IRS) requires study participant payments aggregating \$600 or more paid to an individual during a calendar year to be reported on IRS Form 1099-MISC, Miscellaneous Income. IRS Form W-9 Request for Taxpayer Identification Number and Certification Tax should be completed if subjects are to receive compensation for their participation in a research study.
- University Policy – The University requires principal investigators/researchers to obtain the subject’s name, address, and social security number for **one – time payments of over \$75, or payments per study exceeding \$300**, made in the United States and through Western Michigan University, so the institution can fulfill any federal income tax reporting requirements that may apply.
- There are two methods of paying study participants. The principal investigator/researcher may select the method most appropriate for each study.
 - Preferred Payment Method: The preferred method is to send a check directly to the participant, only if not a confidential study.
 - Alternative Payment Method: The alternative method allows a principal investigator/researcher to request an advance of funds for an estimated two months of participant reimbursement. **This method should be used for confidential studies.** Quarterly (including annually) reconciliation will be required. **The reconciliation should be sent to the Grants and Contracts Office for externally funded projects. Otherwise, retain documentation in the department.**

Payment Process

Research Participants Payments – Non-Employees

Direct Payment to Participant (non-confidential studies)

**Western Michigan University
Research Participation Compensation
Policies and Procedures**

- A Generic Voucher is prepared made out to “see attached list” indicating on the voucher the name of the study, date(s) of the study, number of participants, and the dollar amount per participant. Use account code 4317 -1099 Research Subjects.
- Attach a list of the participants including date(s) of study, participant’s name, social security number (if the payment exceeds \$75 or total payments for the study will exceed \$300) address and amount and send to accounts payable for processing.
- Department maintains a spreadsheet certified by the participant (1) they received payment for participation in the study and (2) received the amount noted. **A spreadsheet must be sent to the Grants and Contracts office to be retained for audit purposes for externally funded projects.**

Cash Payments/Gift Cards, Awards, Prizes, etc.

- Principal Investigator/Researcher completes an **Authorization for the Purchase of Gift Cards and Cash Payments form.**
- Attach the fully signed **Authorization for the Purchase of Gift Cards and Cash Payments** form to a Generic Voucher made out to the “ individual” distributing the cash payments (normally the principal investigator/researcher) indicating the study, date(s) of the study, number of participants, and the dollar amount per participant. **Use account code 1790 - Prepaid Expense on the Generic Voucher for externally funded projects (funds 25-30).**
- Department maintains a list of the participants including date(s) of the study, name, social security number (as applicable, see page 2 of this document), address and amount paid. **This information is collected at the time the informed consent form is signed by the participant using the new Research Participant Compensation forms available on the grants and accounts payable websites.**
- Department completes **the Gift Card/Gift Certificate and Cash Payments Disbursement Log** certified by the participant (1) they have received payment for participation in the study and (2) received the amount noted. **Use participant numbers for confidential studies.**
- If the project is funded externally, The disbursement log must be sent to the Grants and Contracts Office quarterly for reconciliation. Upon receipt of complete documentation of expense, disbursements will be charged to the grant as an expense.
- Cash payment/Gift Cards must be reconciled within 90 days of receipt of cash or purchase of Gift Cards. Grants or contracts that terminate before the 90 days must be reconciled no later than 30 days after the termination date.
- For externally funded projects - Once the study is complete the individual receiving the cash must send to the **Grants and Contracts office** a final disbursement log of the individuals who received cash for their participation. This should be completed within 30 days of the completion of the study.
- At the conclusion of the study all remaining cash must be deposited in the Department ID from which it was drawn. If gift cards remain, the individual who requested the cash payment must deposit the cash equal to the dollar value remaining of the outstanding gift cards.
- If the individual does not clear the cash payment with proper documentation within 30 days of the conclusion of the study, the amount not cleared will be included in the individual’s salary as taxable income.

Western Michigan University Research Participation Compensation Policies and Procedures

- At the end of the calendar year the principal investigator/researcher will send their spreadsheets (electronically) to accounts payable. **For confidential studies the spreadsheet should only include the last four digits of the social security number (as applicable) and the amount paid. For all other studies the spreadsheet should include name, address, social security number (as applicable), and amount.**
- Accounts Payable will sort and combine the spreadsheets to see if any one participant receives \$600 or more in a calendar year.
- If no one is paid enough to reach the \$600 threshold within a calendar year, no additional information will be requested of the principal investigator/researcher.
- If someone is paid \$600 or more in a calendar year, then accounts payable will contact the principal investigator/researcher to obtain the reporting information required to complete a IRS Form 1099-MISC, Miscellaneous Income. This includes complete social security number, name and address.

Payments to Nonresident Foreign Nationals

- Payments made to research participants who are nonresident nationals must be paid by check and are reported on IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, regardless of the dollar amount.
- Due to special withholding requirements, University policy does not allow cash or cash equivalent (such as gift cards/certificates) payments to be paid to nonresident nationals.
- All payments to nonresident nationals are subject to 30% federal income tax.
- Researchers anticipating payments to nonresident nationals should contact the Corporate Reporting and Taxation office prior to making such payments.

Research Participant Payments – Employees

All payments made to an employee of the university are supplemental wages and are added to the employee's gross income. This includes cash payments and gift cards, as well as direct disbursements by check.

- Research participant payments must be processed thru the Payroll Office.
- Payments will be included in the next regularly scheduled paycheck of the employee. All applicable withholding taxes will be withheld at the time of payment.

Reporting Compensation to IRS

- Payments made to non-employee research participants from all sources may be subject to tax if the total amount of all payments in a calendar year equals to or exceeds \$600.
- Departments need to maintain records on any compensation provided unless the transaction is recorded in the accounting system in sufficient detail to enable tracking for 1099-MISC, Miscellaneous Income reporting purposes.
- The department must maintain a spreadsheet with required 1099-MISC information, such as social security number (where applicable), name, permanent mailing address, and payment amount. **This is only required for studies where the payments thresholds were exceeded. See page 2 of this document.**

Western Michigan University Research Participation Compensation Policies and Procedures

- Departments should submit the information to the Accounts Payable Department, Mail Stop 5342 at the conclusion of the study.

NOTE: If the study continues beyond December 31, the information through December should be sent to the Accounts Payable office by the first week of January.

HSIRB Informed Consent Form – When a study anticipates individual payments exceeding \$75.00 or an aggregate payment to a single individual exceeding \$300.00, the informed consent agreement must include the following language:

“My personal information, including my name, address, and social security number, will be released to the University for the purpose of payment, as well as for reporting to the Internal Revenue Service if total payments for the year exceed \$600.00. I understand that WMU will issue Federal Form 1099-MISC, Miscellaneous Income, listing my payment as reportable income if applicable.”

Links

[Authorization for the Purchase of Gift Cards and Cash Payments form](#)

[Gift Card/Gift Certificate and Cash Payments Disbursement Log](#)

[Social Security Number Policy](#)

[Electronic Commerce Policies](#)

[Research Participant Compensation Form \(Payments \\$75 or less\)](#)

[Research Participant Compensation Form \(Payments over \\$75 or over \\$300 in total for project\)](#)