
Indiana State University Guidelines for Compensation to Human Research Participants

Guideline Scope and Introduction:

Research studies that involve human subjects must be reviewed by a committee called the Institutional Review Board (IRB). The IRB is charged with the responsibility to review and approve both the amounts and methods of payment to ensure that they are not coercive and do not present undue influence to participate. All human subjects research projects that offer compensation for participation must comply with Indiana State University Office of the Controller [payment procedures](#). Indiana State University must satisfy certain Internal Revenue Service (IRS) reporting obligations when making compensation payments to human subjects. The personal information ISU collects in order to comply with IRS regulations is confidential, and ISU has an obligation to protect it. This policy is necessary to reasonably ensure the proper handling of confidential information and reasonably ensure compliance with IRS reporting requirements. The policy also exists to reduce administrative burdens, and limit the exposure of high-risk data, by setting a reasonable dollar threshold that determines when researchers must collect confidential information in certain situations.

Guidelines:

General

- a. Consistent with IRS Private Letter Ruling 9106004 (August 2, 1990), human subjects participating in research projects are not paid to provide a service to the university as an employee. Payment to subjects for participation in studies is not considered a benefit; it is a recruitment incentive.
- b. The Principal Investigator (PI) is responsible for informing research participants that the value of any remuneration they receive for participation in research studies may be taxable income.
- c. In order to reduce administrative burdens, and limit exposure to high-risk data, ISU has set an amount of \$75 to determine if confidential information must be collected. If the payment amount reaches or exceeds \$75 from all ISU sources (excluding payroll) for a calendar year, the participant will need to provide their social security number and mailing address. For payments of less than \$75, this information is not required. Note: These W-9 requirements apply to all forms of payments. Gift cards or gift certificates, cash, and the value of tangible items must be considered when determining the remuneration amount received from ISU. If participant is not a U.S. citizen please refer to the *Payment to Nonresident Aliens* section of these guidelines.
- d. If the amount paid to an individual during a calendar year is \$600 or more, the University is required to report such payments to the Internal Revenue Service. Therefore, anonymity of such participants cannot be maintained. The information provided to the IRS does *not* identify the recipient as a study participant or the purpose of the payment.
- e. All methods, types, and amounts of compensation to research participants must be listed on the [Confidential Participant Payment Log](#) and all applicable information requested. Research participants should be informed that information collected allows the University to meet government reporting obligations and precautions are in place to keep their information secure.

All payments to participants should be coded to account code **72630 – Research Participant Payments**

Methods of Payment to Research Participants

- a. Gift Cards.** The University prefers payments to research participants be processed by the purchase of gift cards. Gift Cards should be purchased using an ISU [Procurement Card](#) (P-Card). A completed [Confidential Participant Payment Log](#) should be attached to the Procurement Card statement prior to submitting to the Controller's Office. When entering the *Purpose of Purchase* in the procard system, use the IRB protocol number instead of the title of the research project. **Be sure you order only an amount of cards that you are sure you will use in a timely manner.** Unlike cash or checking accounts, the University has no mechanism to accept the return of gift cards that have been purchased but not distributed to human subjects. Charges for gift cards purchased but not distributed will be transferred from the project to the department associated with the project. While a project is active, the value of undistributed gift cards (gift cards on hand), plus the value of the Confidential Participant Payment Logs retained by the project should equal the amount of expense charged to the project for gift cards. When a project is finished, any undistributed gift cards should be turned in to the appropriate department and the charges for these gift cards should be transferred from the project to the department. A final reconciliation of gift cards on a project should confirm that the value of all Confidential Participant Payment Logs retained in the project files is equal to the total expense for gift cards charged to the project.
- b. Payment by Cash.** If necessary, a petty cash fund may be obtained from the Controller's Office for cash payments of less than \$25 per participant. Departments wanting to request petty cash funds to distribute small cash amounts should contact the Controller's Office for instructions. Payments to participants over \$25 cannot be made in cash. Departments will document use of their petty cash by processing an intramural voucher to clear the petty cash fund and return any unused portion within 30 days from when the petty cash was issued. A completed Confidential Participant Payment Log should be attached to the petty cash close-out.
- c. University Check.** Direct payment to research participants by check will be made using the [Check Request Form](#). Payment by university check may be used only when participants are not anonymous regardless of the amount of the check. The check request needs only to refer to an approved protocol number, *not* the name or purpose of the study. If the amount of the check request is \$75 or greater or if the individual anticipates that the total amount of payments that they will receive from ISU in a calendar year will exceed \$75, the participant will need to fill out a [W-9](#) form. The W-9 form will need to be submitted with the check request.
- d. Giveaways of Tangible Items of Small Value.** If allowable under the terms of the grant or other source of funds, tangible items and objects of small value such as t-shirts, umbrellas, usb flash drives, and other giveaway items may be purchased and distributed to research participants. These items must be purchased using [ISU Purchasing Policies and Guidelines](#). Tangible personal property valued less than \$25 are considered a de minimis value and are not reportable. Although these items may be considered expendable, care should be taken not to over-purchase them and items should be distributed to recipients as quickly as possible. Until distribution occurs, items must be secured so as to minimize the risk of loss or theft. PIs are responsible for the safekeeping and appropriate documentation of the distribution of these items to subjects.

- e. **Drawings for Prizes.** Examples include prizes awarded as incentives to encourage participation in research studies. The decision to award prizes should be approved by the IRB to ascertain that the value of the prize is not coercive. The distribution of prizes should be documented based on the above (a-d) methods of payment.

- f. **Reimbursement to Principal Investigator.** If a research participant study begins before grant money is received, the PI should request that the department associated with the project cover the cost of the study and then be reimbursed once the grant funds have been received, or seek approval from the Controller's Office *before* using personal funds. Prior approval will be granted only if it has been determined that a reasonable effort was made to use departmental funds. A Confidential Participant Payment Log should be submitted that equals the amount being reimbursed.

Payments to Nonresident Aliens

Special processing requirements apply to payments to nonresident aliens (individuals who are *not* U.S. citizens, permanent resident aliens or resident aliens for tax purposes). Non-U.S. citizens should identify their status by marking Column C on the Confidential Participant Payment Log. The University must comply with regulations of both the IRS and the Department of Homeland Security. The rules regarding payments to nonresident aliens are complex and the penalties for violations are harsh and can include deportation from the United States. For payments greater than \$75, ISU is required to obtain critical information on the nonresident alien's visa status. Please contact Hope.Waldbieser@indstate.edu once you have identified a non-U.S. citizen so that it can be determined if that individual is a nonresident alien for tax purposes. If payment is allowed, such payment to nonresident aliens could be subject to 30% federal tax withholding. The University prefers to pay nonresident aliens by check because of withholding requirements.

Contact Information

Questions regarding these guidelines for making payments to research participants may be directed to:

Hope Waldbieser
Tax Compliance Officer
Hope.Waldbieser@indstate.edu
(812) 237-3524

Amy Naidu
Associate Controller
Amy.Naidu@indstate.edu
(812) 237-3523

Questions regarding check requests and processing petty cash for making payments to participants should be directed to:

Billie Dill
Budget Coordinator – Internal Funding
Billie.Dill@indstate.edu
(812) 237-3522

Valerie Brandenburg
Grant Account Specialist – External Funding
Valerie.Brandenburg@indstate.edu
(812) 237-3553

Questions regarding implementing the guidelines while maintaining confidentiality requirements for the IRB:

Office of Sponsored Programs
(812) 237-3088
osp@indstate.edu