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Incentive Payments to Research Participants

Policy Contents

I. REASON FOR THIS POLICY.....	1
II. STATEMENT OF POLICY	1
III. DEFINITIONS	2
IV. PROCEDURES.....	3
V. RELATED DOCUMENTS, FORMS AND TOOLS	4

I. REASON FOR THIS POLICY

The reason for this policy is to provide guidance for the distribution of research incentive payments to ensure the payments follow University guidelines, that sufficient documentation is provided and to comply with IRS and other legal regulations.

II. STATEMENT OF POLICY

Research participants/human subject payments must have an approved Institutional Review

Board (IRB) protocol prior to the disbursement of any funds to either the department or the participant.

- a. Payments to subjects must have a clear University business purpose and will be recorded as a form of compensation. Payment may be any type of remuneration, including, but not limited to; checks, cash, gift cards, Amazon Mechanical Turks (AMT) or any other items of value.
- b. Payments to participants of more than \$100 per payment will be made only by check. Deviations from this rule may be allowed on a limited basis subject to the following conditions:
 - a. A written justification stating why the payment should be made in cash and not a check, must be provided to the

- Department Chair for review, and approved by both the Department Chair, the Vice President of Research and the Assistant Vice President of Finance & Administration.
- b. In no case will cash in excess of \$350 be distributed to any one participant at any one time. Payments in excess of \$350 will be made only by check.
 - c. The written justification must include the approved IRB protocol and payment schedule.
 - d. If a deviation is approved, no cash may be disbursed to a participant without first
 - e. collecting a W-9 from that individual. Failure to do so will result in requiring all payments in excess of \$100 to be made only by check.
 - f. Approved deviations are for a specific study, and do not apply to any other study.
 - g. All other provisions of this policy apply.
- c. Gift cards may not be purchased with a University procurement card.
 - d. Total payments to any one subject during the course of a study totaling \$600 or more in a calendar year must be made via direct payment, issued in the form of a check or ACH. The PI is responsible for having the participant complete an IRS form W-9 and submitting it to the department's financial contact for processing. This information will be reported to the IRS and Form 1099-MISC will be sent to the payee at the end of the calendar year in which payment was made. A research participant who is also a University employee shall have any incentive payment reported to the IRS as wages, regardless of the amount of the incentive. Such incentive payments are subject to income tax and other withholdings.
 - e. Cash, gift cards or other incentives may not be kept on hand in excess of the amount expected to be distributed within a 30 day time period. All payment incentives retained by the department must be maintained in a locked drawer, cabinet or safe under the control of the department's petty cash custodian.
 - f. No new disbursements for incentive payments will be permitted unless the request is accompanied by a completed Research Participant Incentive Payment Log that indicates how the previous amount was disbursed.
 - g. Departments retaining cash on hand for human subject payments must have, and comply with, an approved cash handling procedure for incentive payments. If a department does not have a current cash handling procedure, please contact USD's internal auditor so one may be developed.

III. DEFINITIONS

Human Subject/Participant - A volunteer participant in a research study. Under federal regulations, human subjects are defined as a living individual about whom an investigator conducting research obtains data through

intervention or interaction with the individual or from individually identifiable information.

Incentive Payment – A low value payment or item given to individuals to encourage them to participate in research. In order to be an incentive, the value of a payment or item must be minimal and should be provided to all participants in the research project, regardless of whether they complete the activity or study. Incentive payments may be in the form of small dollar items, cash, checks, gift cards, Amazon Mechanical Turks or any other item of value.

Institutional Review Board (IRB)- An independent, administrative body established to protect the rights and welfare of human research subjects.

Principal Investigator (PI) – For the purposes of this policy, the person in charge of conducting an approved research study with human subjects as participants.

IV. PROCEDURES

1. A direct pay document is created in Banner, using First Bank & Trust as the vendor for cash, or other authorized vendors for gift cards. The request should include details on the preferred denomination of the funds. If cash is desired, the accounting department will withdraw the requested cash from the bank and contact the department when the cash is ready to be picked up.
 - a. Required documentation for the direct pay request includes the IRB approval letter and budget details such as the number of intended participants, the amount to be paid to each participant and the anticipated time frame.
 - b. The maximum amount of cash that a department can hold at any time is \$5,000 or the amount needed for a 30-day time period, whichever is less.
2. For payments of more than \$100 to any participant, a W-9 must be collected by the researcher and forwarded to USD Accounting. A direct pay document is created in Banner so that a check can be issued to the individual.
 - a. Cash payments of more than \$100, approved as authorized under Section 3 of the Statement of Policy, will be entered into Banner by the Assistant Comptroller, Grants Accounting Manager or their designees upon receipt of the W-9 as required by this policy.
3. When a payment is given to a participant, the payment must be logged on the Research Participant Incentive Payment Log sheet, and the participant must acknowledge payment by initialing the sheet, or through other means that would confirm that the participant received an incentive (e.g. Amazon M-Turk confirmation).
4. The payment log sheet and all accompanying documentation (e.g. MTurk screen shot, email confirmation) must be provided by the accounting department within 30 days of the last disbursement, or prior to obtaining additional incentive payment funds/cards, whichever comes first. All

incentive payments must be logged or otherwise accounted for, and the supporting documentation attached to the original payment request.

V. RELATED DOCUMENTS, FORMS AND TOOLS

USD INTERNAL DEPARTMENTAL CASH HANDLING PROCEDURES FOR INCENTIVE PAYMENTS - (contact your department head)

[IRS.GOV – 1099 Form](#)