Research Subjects Payment Process

Background

The university recognizes the importance of individuals participating in research studies as human subjects. Each subject contributes time and effort to research, and the university permits reasonable cash payments or other types of cash equivalents (e.g., gift certificates) to be provided to subjects as a means of thanking them for their contribution to the research.

The university also has legal and fiduciary responsibilities to properly account for all payments made to individuals, be they employees, students, vendors, or research subjects. Our challenge is to find an internal control structure for the payments to research subjects such that we are meeting our reporting obligations while maintaining appropriate levels of confidentiality and not placing unreasonable administrative burdens on researchers or the staff supporting them.

Research projects that involve payments to subjects must have approval before subjects can be provided with payment. The dollar amounts of proposed payments are reviewed and approved in advance of the initiation of research by the Institutional Review Board (IRB).

Responsibility for financial management of human subject research rests with the departmental accounting office (as account custodian) with oversight by the Principal Investigator (PI). Individuals in these roles, as well as individuals who have administrative or study-team roles, should clearly understand the financial authority and institutional obligations that accompany these responsibilities as outlined below:

It is the responsibility of the account custodian to maintain the funds or cash-equivalents securely.

University units must follow proper procedures and exercise internal controls when processing payments to human subjects. A system of internal controls is designed to provide reasonable assurance that payments will be processed consistently (in accordance with these protocols) and that any errors will be detected and corrected in the normal course of activities. Necessary components of this system include:

- Segregation of duties among those who request, approve, and control the funds.
- Written procedures and documented controls that clearly outline the details of departmental processes for obtaining and disbursing human subject payments.
- Controlled access to resources such as cash, cash equivalents, checks, deposit supplies, account information, and personal information.
- Verification and reconciliation of financial information no less frequently than every 30 days.
Taxability and Tracking of Payments – U.S. Citizens and Resident Aliens
The Internal Revenue Service (IRS) considers payments for participation in research studies to be taxable income to the recipient. The university is required to report to the IRS the Name, Address, and Taxpayer ID (Social Security Number) of any individual who receives $600 or more of these payments in any calendar year.

The nature of research studies at the University of Oregon makes it unlikely that an individual will reach or exceed this $600 threshold. As such, the following tiered structure will be used to determine the appropriate level of information collection for each research study:

<table>
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<tr>
<th>Payment to Individual Subject(s)</th>
<th>Tracking of Taxability Threshold</th>
</tr>
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<tbody>
<tr>
<td>$100 or less</td>
<td>None – Payment is considered de minimis.</td>
</tr>
<tr>
<td>$100.01-$599.99</td>
<td>Informal tracking at department level – If subject participates in more than one study within the department, annual cumulative total may reach $600.</td>
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<tr>
<td>$600 or greater</td>
<td>Subject needs to complete IRS Form W-9 for annual tax reporting. The W-9 form and annual payment amount must be provided to the Business Affairs Office for appropriate tax reporting.</td>
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Taxability and Tracking of Payments – Non-Resident Aliens
The IRS rules differ for non-resident aliens. If a research subject is known to be a non-resident alien, and the anticipated payment(s) to this person will exceed $100, the department should coordinate with Business Affairs Office Accounts Payable (apbao@uoregon.edu, 6-4235) regarding additional paperwork and withholding processes.

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<td>$100 or less</td>
<td>None – Payment is considered de minimis.</td>
</tr>
<tr>
<td>$100.01 or greater</td>
<td>Contact BAO Accounts Payable for additional paperwork and processes.</td>
</tr>
</tbody>
</table>
Payment Options
Several options are available to departments for payments to research subjects. Please contact the Business Affairs Office (BAO) for additional details.

Departmental Petty Cash – A cash fund is maintained in the department for disbursements to research subjects. The cash is replenished via processes involving the BAO Accounts Payable and Cashiers departments. Establishment of a petty cash fund requires a secure location within the department for storage of the monies.

Departmental Checking Accounts – Departments that have a high volume of research subject payments, and would like to pay subjects via check, may request a research-specific checking account. This account is a subsidiary of the overall university banking structure, but is operated independently by the department. Additional record keeping and reconciliation methods are required.

Accounts Payable – The department can process BANNER invoices for payment directly from the BAO Accounts Payable department. This method is recommended when the payment amount is known to meet or exceed $600 in a calendar year.

Gift Cards – The value of non-cash payments (i.e., gift cards, merchandise, etc.) is included in the payment limits listed above. If a non-cash payment whose value exceeds our reportable threshold is provided to a Non-Resident Alien subject, and taxes cannot be collected directly, the department will be responsible for the gross-up amount of tax.

Other Considerations
Regardless of the taxability of payments, a list/log of payment recipients must still be maintained with the study documentation. Essentially, if asked for audit purposes, we need to be able to show that funds were disbursed to research subjects. But, we don’t need personally-identifying data for those subjects.

University employees may receive research subject payments like any other subject, according to these protocols, provided that their participation is entirely voluntary and is clearly unrelated to their employment duties. If participation is based solely on or is related to employment status, then subject payments may be considered compensation and taxed/reported appropriately.

Questions regarding this Payment Protocol document may be directed to Rob Freytag, Associate Director for Financial Services, Business Affairs Office (rfreytag@uoregon.edu, 6-1116).