

Incentive Payments to Research Participants

NOTE: The website URL for **Workday reference guides** that are referenced in this section is:
<https://confluence.esg.wsu.edu/display/WKB/Workday>

OVERVIEW

WSU often conducts research that includes small payments of incentives or compensation for time, effort, or expenses for research participant recruitment. The WSU Institutional Review Board (IRB) determines the appropriateness of payments to research participants and the related protocols before a study is conducted.

The grant proposal and budget must specifically allow payment of incentives. (See also *BPPM* 40.02.)

Once approval is obtained from the IRB and Sponsored Programs Services (SPS), a department may process incentive payments using one of the following methods. In all cases, the department is responsible for maintaining a payment log, as well as collecting and submitting tax reporting information to Accounts Payable where required.

DEFINITIONS

The following definitions apply to this section.

Appropriated Funds

Appropriated funds are funds delegated to WSU by the state for a specific purpose. Appropriated funds may not be used for any purpose other than that for which the funds are designated.

Crowdsourcing

Crowdsourcing is an arrangement in which a separate third-party entity (such as Amazon Mechanical Turk (MTurk)) pays a large, normally anonymous, group of people to perform a task or provide information online. Crowdsourcing does not include cases where the participant is known and compensated directly by the researcher, even when the compensation is distributed as an electronic gift card.

Departmental Research Account

A departmental research account is defined as state allocated funds and dedicated local funds used to support departmental research in the form of start-up or seed funds. To identify such funds as allocated to research, the department must move the funds to functions FN013-FN015 and FN025 accounts.

Gift Card or Certificate

A gift card or certificate is a card or certificate entitling the recipient to receive goods or services of a specified value from the issuer.

Incentive Payments to Research Participants

Incentive Payment An incentive payment is defined as a payment of instruments and/or goods given to an individual to encourage her or his participation in a research study.

Research Advance A research advance is a cash advance of funds to a researcher for payment of authorized research expenses. A research advance includes a requirement of after-the-fact reporting on the final distribution and use of the funds (see *BPPM 40.21*).

PAYMENT PROCESSING METHODS

Gift Cards and Cash Equivalents See *BPPM 70.44* for the policy regarding gift cards and other cash equivalents. Gift cards issued directly to participants by electronic means are also subject to the gift card policy.

Departments may purchase gift cards by University procurement card (see *BPPM 70.08*) or from research advance funds (see *BPPM 40.21*) only.

Gift Card Supplier WSU has authorized use of a supplier that supports purchase and distribution of a wide variety of gift cards online. There is no service fee. Departments may directly establish an account with the supplier. See the Accounts Payable website for details at:

acctspay.wsu.edu/awards-prizes-cashequivalents/

See also *BPPM 70.44*.

Departments may purchase gift cards from the supplier with procurement cards (see *BPPM 70.08*) on a pay-as-you-go basis, which prevents excess inventory of gift cards.

Cash Payments From a Research Cash Advance WSU faculty and staff may pay research participation incentives in cash from research cash advances issued against accounts in allowable functions only, in accordance with *BPPM 40.21*.

Employees must obtain e-mail authorization from SPS to use research cash advances for cash distributions to research participants. Send e-mail requests to:

sps@wsu.edu

Incentive Payments to Research Participants

If SPS authorizes cash incentive distributions, the employees follow the procedures in *BPPM* 40.21 to request disbursement of cash advances.

Cash Payments (cont.)

To request a check payment, the department:

- Submits a Create Supplier Invoice Request business transaction in Workday.

See *BPPM* 30.45 and the Workday Create Supplier Invoice Request reference guide for instructions.

- Attaches a completed Record of Distribution and Request for Taxpayer Number and Certification (Substitute W-9) for payments to an individual of more than \$50.

Payments Through Online Crowdsourcing Services

Crowdsourcing services such as Amazon MTurk are not approved for supplier payment or use of the University procurement card. Therefore, currently, researchers must individually contract with the service, pay with personal funds, and then seek reimbursement.

Researchers must obtain e-mail authorization from SPS to allow online disbursement of the incentives to research participants. Send e-mail requests to:

sps@wsu.edu

Payment to Participants

Individual payments may not exceed \$10 and payments should be commensurate with the value of the participants' effort. Keep in mind, for instance, that a \$10 payment to complete a survey expected to take 10 minutes to complete is equivalent of compensation at the rate of \$60 per hour.

Reimbursement Request

To request reimbursement, researchers submit a completed Expense Report in Workday to Accounts Payable. (See *BPPM* 70.20 and the Workday Expense Report reference guide for instructions.) Researchers must attach documentation to the expense reports itemizing the payments to each participant. Accounts Payable completes reimbursement to researchers *after* the funds are fully disbursed to the participants.

Tangible Personal Property

Departments may present gifts of tangible personal property, such as WSU logo items, to participants. Tax reporting using a Substitute W-9 is required for items valued at more than \$50.

Incentive Payments to Research Participants

ALLOWED FUNDING SOURCES

The following funding sources may be used for research participant incentive payments.

Grants (Function FN017)

Awards under Workday function FN017 are allowable funding sources for incentive payments if human study subjects are an integral part of the research *and* incentive payments are included in the project proposal (see *BPPM* 40.02).

Gifts (Function FN057)

Gift accounts (gift function FN057) are allowable funding sources for incentive payments if such use is in accordance with the organizational mission and donor intent.

Appropriated Funds for Departmental Research (Functions FN013-FN015; FN025)

Appropriated funds in conjunction with departmental research accounts (functions FN013-FN015 and FN025) only are allowable funding sources for incentive payments. Researchers receiving departmental seed money should establish research accounts under functions FN013-FN015 and FN025. Contact General Accounting; telephone 509-335-2013.

DEPARTMENTAL RESPONSIBILITIES

Incentive payments to a research participant totaling \$600 or more annually are tax reportable. Single payments may also require tax reporting. See [Tax Reporting](#) for more information.

In all cases, the department must maintain a log of incentive payments.

Reporting Forms

To facilitate reporting, departments are encouraged to use the following PDF forms to collect essential information:

- Distribution Log for Payments of Cash, Gift Cards and Other Cash Equivalents, and Tangible Property
- Record of Distribution and Request for Taxpayer Number and Certification (Substitute W-9)

Substitute Forms

The forms listed above are available to assist fund custodians in adhering to policy. However, fund custodians may use substitute forms. Such substitute forms must collect, at a minimum, the following information:

- Full legal name of the participant
- Participant's social security number
- Participant's full home street address
- Amount distributed to the participant
- Payment date

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- Substitute Forms (cont.)
- Participant's signature showing receipt of any cash payment
 - Department contact name
 - Department contact telephone
 - Department contact email address

Payments to Minor

When the study participant is a minor, the fund custodian may collect information for tax reporting purposes from either the minor or the minor's legal guardian.

Tax Reporting

One-Time Payment of \$50 or Less

If a one-time research participant incentive payment is \$50 or less, the requirement to obtain a social security number is waived. However, the University strongly encourages researchers to request social security numbers for all research participant payments.

Payments Totaling \$600 or More in Calendar Year

If payments to a single recipient total \$600 or more in a calendar year, the departmental custodian of the funds is responsible for reporting the payments. The fund custodian must submit a completed Substitute W-9 to Accounts Payable by January 5 of the following year for inclusion in the University's 1099MISC reporting. The report must include all of the information listed under [Substitute Forms](#).

Payments to WSU Employee

Research participant incentives paid to a WSU employee, when completely unrelated to work performed in their capacity as a WSU employee, may be treated as a payment to any other participant. If the payment is in any way related to the employee's work for WSU, contact Payroll Services for instructions.

Payments to Nonresident Aliens

Due to tax withholding requirements, research participant incentive payments to nonresident aliens may be paid *only* by check through Accounts Payable. Such payments are subject to 30 percent tax withholding and are reported on IRS Form 1042-S. A completed IRS Form W-8BEN is required.

Safeguarding Information

Departments are to collect and maintain taxpayer information with a high level of security. Departments are to make such information available for review by state or internal auditors and provide the information to Accounts Payable if required for tax reporting purposes.