Contract & Grant Accounting Policy 5 Research Subject Payments

The University of North Carolina at Greensboro

Approved by Paul Forte, Interim AVC for Finance, August 4, 2021

Revised August 4, 2021

1. Purpose

University research projects may require the participation of human subjects. Often, these individuals receive payments or incentives—such as cash, checks, or non-cash items—for their participation. Principal Investigators (PIs) and other faculty/staff members who are conducting sponsor-funded research or internally funded research are responsible for ensuring that subjects are eligible to receive payments and ensuring that the payment process is appropriate. Compensation or payment to human subjects for participation in studies is not considered a benefit. Rather, it should be considered compensation for time and inconvenience.

- The IRS treats research subject payments—such as checks, cash, gift cards, or other items of value—as taxable income to the recipient. This means the recipient is supposed to report the payment when he or she files a personal tax return at the end of the calendar year. IRS reporting requirements for the University depend on the amount paid and the recipient’s tax status. For U.S. Citizens or lawful permanent residents, the University is required to report on any individual who receives payments of $600 or more in a calendar year and issues the recipient a Form 1099. For non-resident aliens, the University is required to report the payments annually on a 1042S tax form, regardless of amount, and withhold federal tax from the payment.

This policy does not cover the approval process required by Federal Regulations and UNCG policies governing human subject research. Broadly speaking, if the research involves intervention or interaction with human subjects or obtains identifiable data about them, the Institutional Review Board (IRB) must have reviewed and approved the research process before the work may start. IRB review is required for all human subject research, regardless of funding source. This policy assumes that the Principal Investigator (PI) or researcher has obtained IRB review.

2. Scope

This policy covers all payments to human subjects used in research at UNC Greensboro and provides guidance to research investigators and administrators regarding
compensation and incentives provided to human subjects, and tax reporting requirements.

3. Definitions and Roles and Responsibilities

3.1 Definitions

_Human subject_ – under the federal regulations, human subjects are defined as: living individual(s) about whom an investigator conducting research obtains: 1) data through intervention or interaction with the individual or 2) identifiable private information.

_Research subject payment (compensation)_ – providing something of monetary value to a human subject. Payments may include but are not limited to money, gift cards, stipends, and/or travel reimbursement.

_High-risk confidential information_ – includes a person's name in conjunction with the person's Social Security, credit or debit card, individual financial account, driver's license, state ID, or passport number, or a name in conjunction with biometric information or personally identifiable medical information about the named individual. Refer to the full _Access to and Retention of Research Data Policy_ for details.

_Institutional Review Board (IRB)_ – appointed by the Vice Chancellor for Research and Economic Development, this committee meets the membership requirements codified in federal regulation and University policies and procedures established and maintained to provide ethical oversight of human subject research conducted by UNCG approved research programs.

_Protocol_ – the formal design or plan of an experiment or research activity specifically submitted to an IRB for review and approval or denial.

3.2 Roles and Responsibilities

The Principal Investigator is responsible for:

- Ensuring that all research involving the use of human subjects is conducted under an IRB protocol before the research is initiated.
- Adhering to the protocol as it was reviewed and approved by IRB, including appropriate safeguarding of confidential human subject participant data.
- Monitoring the process of compensating human subjects and ensuring that such activity is properly accounted for and reported to applicable departments.
- Ensuring that all human subjects are notified of their responsibility to report research subject remuneration to the IRS. This can be done through the consent form.
• Ensuring funds requested are commensurate with the amount needed and approved for the current stage of the study.

The following responsibilities can be delegated to the PI’s designee:

• Accounting for payments made to human subjects and documenting disbursement of funds
• Reconciliation of Research Subject advances and gift card logs
• Depositing remaining/excess funds from advances or preparing journal vouchers to remove excess gift cards from the project at closeout.
• Maintaining supporting documentation in the event of an IRS or agency audit. Confidential study data used to support payments to human subjects must be securely maintained and be in accordance with retention policy.

Contract & Grant Accounting is responsible for:

• Review of IRB protocol before approving Research Subject Advances or gift card purchases.
• Oversight and audit of payments to human subjects from University administered funds to ensure expenses are commensurate with the amount approved for specific stages, to verify that activities are properly accounted for and that excess funds are handled appropriately.

UNCG Institutional Review Board (IRB):

• Ensure that human subjects involved in research are adequately protected and that the institution acts in accordance with the federal regulations regarding research with human subjects.
• Review and approve both the amounts and methods of incentivizing to ensure that they are not coercive and do not present undue influence to participate or to continue participation.

UNCG Office of Research Integrity:

• Responsible for providing clarity as to who are considered human subjects, the policies around protections for human subjects, ensuring PIs are notified prior to expiration of IRB, and providing guidance and extensions for IRB.

4. Policy

Research Subject Payments are payments made to human subjects to compensate them for participation in research projects. The University pays a human subject an agreed upon amount to participate in a project. The amount paid may be subject to Federal income reporting requirements.
Guidelines for use of Research Subject Payments

Faculty/staff responsible for authorizing/disbursing payments to research subjects are required to collect the appropriate information and use the appropriate payment method/procedure based on the dollar threshold, as follows:

- **For payments that are less than $100 AND** the research subject is not expected to receive cumulative payments in excess of $600 from any UNCG funding source for the calendar year, payments can be processed with a University check, cash, gift card or other items of value. A record (disbursement log, spreadsheet, cash disbursement journal, etc.) of subjects being paid must be maintained in the Department issuing the payments.

- **For payments greater than $100 OR** the research subject is expected to receive cumulative payments greater than $600 for the calendar year OR the research subject is a non-resident alien, payments should be processed with a University check and the recipient must complete the W-9/W-8BEN form. The completed form(s) must be submitted to CGA for approval.

- Participant payments must be detailed in the sponsor-approved budget, if they are to be paid from sponsored accounts.

- Payment arrangements must be approved in advance by the IRB. Principal Investigators must document all forms of incentives and compensation within the protocol.

- Note that an employee is treated the same as a non-employee when participating as a research subject as long as the service provided is outside the scope of his/her normal job responsibilities.

- University faculty and staff have a legal obligation to maintain the confidentiality of Research Subjects, whether issuing a payment to the individual or making payments to third parties that provide research-related services and/or products. The payment process must maintain confidentiality while meeting Internal Revenue Service (IRS) reporting requirements and conforming with the University’s standard accounting and payment practices.

5. **Compliance and Enforcement**

Contract & Grant Accounting is responsible for ensuring compliance with this policy.
6. Additional Information

6.1 Supporting Documents

- Office of Research Integrity - Institutional Review Board
- Access to and Retention of Research Data Policy
- Contract and Grant Accounting Procedure 5 Research Subject Payments

6.2 Approval Authority

This policy will be approved by the Interim Associate Vice Chancellor for Finance.

6.3 Contacts for Additional Information and Reporting

- Responsible Executive: William Walters, Director, Contract and Grant Accounting, (336)334-5824, wdwalter@uncg.edu