

## Human Subject Payment Guidelines

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# Human Subject Payment Guidelines

## I. Objective

To provide guidance regarding payments to human subjects, including payment amounts, IRS tax reporting requirements, reconciliation procedures, and procedures for disbursement. These guidelines address cash safeguarding and controls related to payments to human subjects. Individuals must adhere to the guidelines and policies established by the Carnegie Mellon University (CMU) [Office of Research Integrity and Compliance](#) (ORIC) in regards to university activities that include human subjects.

## II. Definitions

### A. Amazon Mechanical Turks (AMT)

A crowdsourcing Internet marketplace where the university may submit a Human Intelligence Task (HIT), such as a survey for research, and be able to pay individuals for participation directly from Amazon.

### B. Cash Equivalent

Checks, gift cards, money orders or any other instrument that when presented can be a substitute for cash.

### C. Custodian

Person responsible for securing cash/cash equivalents used for the human subject research payments in compliance with the [Safeguarding of Cash/Cash Equivalents](#) guidelines at all times as assigned by the department. The custodian must be an employee of the university.

### D. Designee

A university employee named by the Principal Investigator to assist with conducting the research study.

### E. Foreign National

An individual who is a citizen of any country other than the United States. These individuals are treated differently for tax purposes than U.S. tax residents and may be subject to tax withholding on their payments.

### F. Human Subject

A volunteer participant in a research study. Under federal regulations, human subjects are defined as a living individual about whom an investigator

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conducting research obtains 1) data through intervention or interaction with the individual or 2) identifiable private information.

## **G. Human Subjects Request for Payment Form**

The form that must be submitted with all payment requests to Accounts Payable. The form requires information in regards to the payee, Institutional Review Board (IRB) study information, and charging information. The form is used to request payments to the Principal Investigator, PI designee or directly to individual human subjects if the payment is above \$250 per individual.

## **H. Non-monetary/tangible items**

Items that may be offered as payment, including books, movies, equipment, etc., in lieu of cash or cash equivalents.

## **I. Principal Investigator (PI)**

For the purposes of these guidelines, the person responsible for conducting a research study with human subjects as participants.

## **J. Resident aliens for U.S. tax purposes**

Foreign nationals who satisfy the substantial presence test.

## **K. U.S. Tax Resident**

A person who is subject to U.S. tax reporting rules. U.S. tax residents include:

- U.S. citizens
- Permanent residents (green card): persons who can reside indefinitely within a country of which they are not citizens.

## **III. Roles and Responsibilities**

### **A. Accounts Payable (AP) is responsible for:**

- Ensuring that human subject payment requests submitted to AP are processed with all required documentation. If the proper documentation is not complete, AP will return the [Human Subjects Requests for Payment Form](#) to the issuing department for correction.
- Assigning a standard naming convention to invoice numbers that indicates the IRB protocol number, draw, and/or participant name.
- Paying human subject payments directly with direct deposit or check
- Paying PIs with physical checks only (direct deposit not permitted)

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## B. Principal Investigators (PIs) have the primary responsibility 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 human subject remuneration to the IRS. This can be done through the consent form.
- Accounting for payments made to study participants (outside of a check or direct deposit issued by AP directly to the participant), documenting disbursement of funds, and providing reconciliations to the Department Business Manager within 30 days of final disbursement of funds. See [Payment Reconciliation](#) section.
- Depositing all remaining/excess funds through Cash Operations. The cash must be accompanied with the [AP Deposit Form \(Cash Only section\)](#), as well as the [Human Subjects Reconciliation Form](#).
- Ensuring funds requested on the Human Subjects Request for Payment Form are commensurate with the amount needed to perform the current stage of the study. Requests for payments should not be made more than 30 days in advance of issuing payments to human subjects.
- Maintaining required documentation in the event of an IRS or sponsored programs audit. PIs must securely maintain confidential study data needed to support payments to recipients. All documentation must be maintained in accordance with the university's [Financial Record Retention Policy](#).
- The following responsibilities can be delegated to the PI's designee:
  - o Monitoring payments
  - o Reconciliation
  - o Depositing remaining/excess funds
  - o Maintaining supporting documentation

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- C. **Procurement Card (PCard) approver** ensures that all required documentation is attached to the PCard report. Required documentation for human subject payments includes any receipts \$75 or greater and the Certification of IRB Approval letter, which lists the protocol number, all approved investigators, the effective date and all required signatures.
- D. **Expense Report (ER) approver** ensures that all required documentation is attached to the expense report. Required documentation must include any receipts \$75 or greater and the Certification of IRB Approval letter, which lists the protocol number, all approved investigators, and all required signatures. Please refer to the university's [Business and Travel Expense Policy](#) for further information.

## IV. Requirements

- A. **Institutional Review Board (IRB) Approval**  
All research involving the use of human research subjects (participants) must be reviewed and approved by the CMU IRB through ORIC before the research can be initiated and any payments can be requested and approved.
- B. **Internal Revenue Service (IRS) Requirements**  
The IRS treats human subject payments, whether cash, check, gift card, or non-monetary/tangible items 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 year. As the payor, CMU must follow IRS regulations. The tax treatment of human subject payments depends on the amount paid, the recipient's tax status, and whether the study takes place inside or outside the U.S.

If the university pays \$600 or more to a U.S. tax resident during the calendar year, then the university is required to report the payments to the IRS and issue the recipient a Form 1099. CMU must collect a Form W-9. Payments to foreign nationals are reported on a Form 1042-S. CMU must collect a Form W-8 and [Foreign National Information Form](#).

For human subjects participating in research outside of the U.S., please consult with the university's local business office in the host country or contact International Finance for assistance.

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## C. Payment Methods

### a. Amazon Mechanical Turks (AMT) Payments

AMT payments may be processed with a university purchasing card (PCard), through direct reimbursement via employee expense report (ER), or via AP through a [Human Subjects Request for Payment Form](#). Method of payment process should be determined by the department as some departments may not have access to or allow specific payment methods, such as a PCard.

When verifying AMT payments through PCards, expense reports, or a Human Subjects Request for Payment Form, the following documentation is required:

- Certification of IRB Approval letter. Ensure that the name of the study or any sensitive/confidential study information is redacted prior to submitting to AP.
- Email receipt from Amazon confirming purchase details.
- Transaction detail from the MTurk account showing the last four digits of the credit card.

At the completion of the study, the PI (or designee) must reconcile the AMT pre-payment with total HITs paid as evidenced by a summary HIT list or activity report. Any residual funds must be reimbursed to the university prior to the end date of the sponsored award.

### b. Payments of \$250 or less per Human Subject per Study

Payments to human subjects in the amount of \$250 or less can be made via cash, cash equivalent (e.g., gift certificate, gift card, or money order), check, or non-monetary/tangible items.

#### i. Cash Payments Distributed by Principal Investigators

To facilitate studies where participants are paid small dollar amounts, Principal Investigators (PI) can request funds by completing a [Human Subjects Request for Payment Form](#) so that they may distribute payment to the participants. Cash/cash equivalent payments to individual participants cannot exceed \$250 during the study unless they are processed through AP. Individuals receiving the funds should ensure proper [Safeguarding of Cash/Cash Equivalents](#) methods are

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followed until all cash is distributed to the human subjects or the excess is returned to AP. Any residual funds must be deposited to the university prior to the end date of the sponsored award.

## ii. **Cash Equivalents (gift certificates/gift cards/money orders)**

May be issued to human subjects in lieu of cash or check payments under the following conditions:

- Face value of the certificate/card must be \$250 or less.
- Certificates/cards must be controlled and safeguarded as if they were cash. See [Safeguarding of Cash/Cash Equivalents](#) section.
- Gift certificates/cards may be purchased using the university's PCard or reimbursed through an expense report. Ensure that the following information is provided when submitting for reimbursement:
  - [Human Subjects Request for Payment Form](#).
  - Certification of IRB Approval letter. Ensure that the name of the study or any sensitive/confidential study information is redacted prior to submitting to AP.
  - Receipt of gift certificate/card purchase.
- Employee/Non-employee Gift Processing form is not required to be attached to reimbursement request.

## iii. **Checks**

May be issued to the human subject in lieu of cash or other payments. Checks must be processed through AP. The PI must submit a completed [Human Subjects Request for Payment Form](#) and a Certification of IRB Approval letter to AP for processing and payment.

## iv. **Non-Monetary/Tangible Items**

May be issued to human subjects in lieu of cash, cash equivalent, or check under the following conditions:

- Total value of the item(s) per human subject must be \$250 or less.
- Items may be purchased using the university's PCard or reimbursed through an expense report. Ensure that the following information is provided when submitting for reimbursement:
  - [Human Subjects Request for Payment Form](#).

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- Certification of IRB Approval letter. Ensure that the name of the study or any sensitive/confidential study information is redacted prior to submitting to AP.
- Receipt of purchase if \$75 or greater.

## c. Greater than \$250 per Human Subject per Study

### i. U.S. Tax Residents (Including Employees)

Payments to human subjects greater than \$250 per study must be processed through AP. A completed [Human Subjects Request for Payment Form](#) for each subject along with a W-9 and a Certification of IRB Approval letter must be submitted to AP for processing and payment.

Ensure that the name of the study or any sensitive/confidential study information is redacted prior to submitting to AP.

To satisfy Carnegie Mellon's Form 1099 reporting obligations, if the Principal Investigator (PI) reasonably expects the human subject will receive \$600 or more in compensation during the calendar year, the PI must follow the procedures established in Section IV, B Internal Revenue Service (IRS) Requirements above.

Typically, any university employee participating in a human subject study will perform services that are substantially unrelated to his or her regular university job. In such cases, human subject payments to university employees must be processed through AP as outlined above. In the unusual situation that the services of a university employee are in fact substantially similar to his or her regular university job, the human subject payment must be paid as additional compensation through the university's payroll system. Please contact the [CMUWorks Service Center](#) for more information.

### ii. Foreign Nationals (Including Employees)

Payments to human subjects greater than \$250 per study must be processed through AP. A completed [Human Subjects Request for Payment Form](#) for the subject along with a [Foreign National Information Form](#), W-8, and a Certification of IRB Approval letter must be submitted to AP for processing. Ensure that the name of the study



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or any sensitive/confidential study information is redacted prior to submitting to AP.

To satisfy Carnegie Mellon's Form 1042-S reporting obligations, the PI must follow the procedures established in Section IV, B Internal Revenue Service (IRS) Requirements above.

## D. Other Related Expenses

### a. Raffles/Drawings

To incent participation, PIs may include in their protocol to enter participants' names in a drawing for a prize or prizes. These prizes may be monetary or an item of value. Prizes are considered taxable income to the participants. When a prize is awarded through a study, the prize must be processed separately from payment for participation in the study. Completion of a [Non-Employee Prize/Award form](#) is required for all participants (employees and non-employees). Cash prizes must be processed through AP. See Section V [Study Participant Consent and Confidentiality](#) for additional guidance.

### b. Travel Expenses for Human Subjects

Reimbursements for actual travel expenses (e.g., parking, mileage, or tolls) to human subjects are not considered compensation by CMU or the IRS and should be processed on a Non-Employee Expense Report. Reimbursement of travel expenses is not guaranteed and are subject to PI approval and budget availability. Please refer to the university's [Business and Travel Expense Policy](#) for more information.

## V. Study Participant Consent and Confidentiality

Any activity undertaken to facilitate payment to participants in Human Subjects Research (HSR) must be done in accordance with the [HSR regulations](#). The participant in a study must be informed when payment will be subject to taxation prior to enrolling. Consent forms for these studies must include language informing the participant that compensation is subject to tax and that they will be required to complete forms (W-9 or W-8) that include identifiers such as social security numbers. If no consent is required for study participation, an introductory script must provide this information per guidance from the IRB. Researchers should consult with the IRB for guidance on such language.

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Departments should not record or copy any personal identifiers (such as social security numbers) that are provided for the sole purpose of processing payments. The information should be passed to AP (by email, campus mail, or drop-off) as soon as possible. Any sensitive or confidential study data should be redacted prior to submitting documents to AP for processing.

All university personnel involved in processing payments for HSR must keep confidential any information regarding study participants. Questions about this may be directed to the IRB or ORIC.

## VI. Payment Reconciliation

A reconciliation of cash and PCard/Credit Card transactions must be performed to properly account for payments made to study participants outside of a check or direct deposit issued by AP directly to the participant. The following guidelines must be followed in performing the reconciliation:

- The PI should document the disbursement of funds and provide a reconciliation to the Department Business Manager within 30 days of final disbursement of funds. Additional funds may not be disbursed until a reconciliation of previous payments to the PI has been completed. If the request is still outstanding after six months, the PI/Researcher must provide a reconciliation to the department business manager within 30 days. Reconciliations must be completed every 6 months until funds are disbursed or the excess funds are deposited and at least 30 days prior to the end date of the sponsored award.
- To satisfy the reconciliation requirement, the PI must complete the [Human Subjects Reconciliation Form](#) with the required documentation noted on the form, as well as any additional documentation required by the respective department. Reconciliations must be completed for all methods of payment used to compensate participants except for payments made directly to participants through AP.
- Excess distributed funds must be deposited with Cash Operations within 30 days of the completion of the study or before the end date of the sponsored award to which the request was charged, whichever is sooner. The cash must be accompanied with the [AP Deposit Form \(Cash Only section\)](#), as well as the [Human Subjects Reconciliation Form](#). If funds are being returned by check, the check must be made payable to 'Carnegie Mellon University' and accompanied with the AP Deposit Form (Other section), as well as the [Human Subjects Reconciliation Form](#).

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- If gift cards and/or tangible items are purchased and not used, the PI should contact the department's business manager for how to proceed.
- The completed reconciliation form, including all required signatures and a copy of the date-stamped AP Deposit Form is submitted to AP.

## **VII. Safeguarding of Cash and Cash Equivalents**

Proper cash handling procedures emphasizing internal controls and segregation of duties are necessary to prevent mishandling of funds and to safeguard against loss. The department will outline responsibilities and provide department procedures. The PI is expected to follow department procedures when stewarding cash for the university. Cash or cash equivalents must be secured and safeguarded. The following guidelines are recommended to ensure security:

- Assign an individual custodial responsibility. Define and document responsibilities and train the individual in departmental cash handling procedures.
- Restrict access to cash and cash equivalents to as few individuals as possible and maintain balances in a locked and secured location until the funds are paid out to human subjects or returned/deposited with AP or Cash Operations.
- Limit access to space where cash balances are maintained.
- Count cash in a non-public area with more than one individual present.
- Collect and maintain documentation as funds are paid to subjects.
- Verify the balance of the fund each time it is used with a minimum of one count per month. Investigate and address discrepancies in a timely manner.
- Limit or minimize the amount of cash and cash equivalents on hand to only those funds needed to conduct upcoming or ongoing research.
- Maintain funds separately for each study, as research funds cannot be commingled.
- Return any remaining/excess funds to Cash Operations in a timely manner for deposit when the study has been completed or prior to the sponsored award end date.

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## Appendix A

The following scenarios are provided for illustrative purposes to assist the reader with understanding the [Requirements](#) detailed within these guidelines.

### **Payment Method Scenarios - Amazon Mechanical Turk Payments**

*Can be paid by PCard, expense reimbursement, or via AP.*

**Scenario A:** The PI has obtained IRB approval and begun Project A. As part of Project A, the PI has decided to use Amazon Mechanical Turk (AMT) for assistance to complete a survey portion of Project A. The PI has asked AMT to find 250 participants to complete the appropriate survey and to pay each participant \$10 for completion. The PI uses a university PCard for payment. The PI submits the Certification of IRB Approval letter, receipt from Amazon confirming purchasing details and transaction detail (including last four digits of card used). At the completion of the study, the PI reconciles the AMT deposit with total HITs paid as evidenced by a summary HIT list or activity report. If Amazon is unable to find the 250 participants then any residual funds must be reimbursed to the university prior to the end date of the sponsored award.

### **Payment Method Scenarios - \$250 or less paid to any participant**

*Can be paid by cash, cash equivalent (e.g., gift card, etc.), check, or non-monetary/tangible item.*

**Scenario A:** The PI has obtained IRB approval and begun Project A. Project A consists of three phases and will have 10 human subjects for participation. Each subject will be paid \$50 cash at the time of completion of each phase, for a total of \$150 for each human subject and a cumulative total of \$1500. The PI submitted a completed [Human Subjects Request for Payment Form](#) (with any required documentation) in their name to AP prior to completion of phase 1 for the complete total of \$1,500. The department's custodian followed the appropriate safeguarding procedures and the PI distributed the funds at the end of each phase. All human subjects completed phases 1 and 2. For phase 3, only nine participants completed the phase. The remaining \$50 was returned to Cash Operations for deposit with the required documentation within 30 days of the completion of the project. The final reconciliation was submitted to AP.

**Scenario B:** The PI has obtained IRB approval and has begun Project B. Project B consists of 1 phase and will have five human subjects for participation. Each subject will receive a \$100 Visa gift card within 30 days after the completion of the research. The PI personally paid for the purchase of the five gift cards for a total of \$500 after the five human subjects completed their participation. The PI provided the completed

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[Human Subjects Request for Payment Form](#) in their name, Certification of IRB Approval letter, and the receipt for the goods for the expense reimbursement report. The department's custodian followed the appropriate safeguarding procedures for the gift cards until all five were distributed. Within 30 days of the disbursement of the final gift card, the PI submitted the final reconciliation to the department business manager.

**Scenario C:** The PI has obtained IRB approval and has begun Project C. Project C consists of one phase and will have 14 human subjects for participation. Each subject will receive a blu-ray player (worth \$125 each) within 30 days of completion of the project. Only 11 human subjects completed the project, and the PI purchased the 11 blu-ray players via PCard. The PI provided the completed [Human Subjects Request for Payment Form](#) in their name, Certification of IRB Approval letter, and the receipt for the goods for the procurement card verification report. Within 30 days of the final disbursement of the last blu-ray player, the PI submitted the final reconciliation to the department business manager.

Note: Payments less than \$250 can also be paid by check through AP. Required documentation to process a check payment through AP is noted in the below scenarios.

## **Payment Method Scenarios - Over \$250 paid to a U.S. Tax Resident during a study**

*Must be paid by check.*

**Scenario A:** The PI has obtained IRB approval and has begun Project D. Project D consists of two phases and will have seven human subjects for participation. Each subject will receive \$150 as payment via check upon completion of each phase and is a U.S. Tax Resident. At the end of each phase, the PI will submit a completed [Human Subjects Request for Payment Form](#) for each subject along with a W-9 (completed by the human subject) and a Certification of IRB Approval letter. AP will process the payment and will send a check to each human subject. The PI will not need to submit a reconciliation since AP made the payments to the human subjects by check. None of the human subjects who complete the study will receive a Form 1099 for tax purposes, as the university is only required to report payments over \$600 to the IRS.

## **Payment Method Scenarios - Over \$250 paid to a Foreign National during a study**

*Must be paid by check.*

**Scenario A:** The PI has obtained IRB approval and has begun Project E. Project E consists of one phase and will have nine human subjects for participation. Each subject will receive \$650 as payment via check upon completion the project. Seven of the human subjects are U.S. tax residents and the PI will follow the procedures outlined in the above scenario. The remaining two human subjects are Foreign Nationals. The PI will submit a completed [Human Subjects Request for Payment Form](#)

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for each subject along with a [Foreign National Information Form](#) for each subject, a W-8 (completed by the human subject), and a Certification of IRB Approval letter. AP will process the payment and will send a check to each human subject. The PI will not need to submit a reconciliation since AP made the payments to the human subjects by check. The human subjects who are U.S. tax residents and received a total of \$650 will receive a Form 1099 for tax purposes, as the university is required to report payments over \$600 to the IRS. The participants that are foreign nationals will receive a 1042-S for tax reporting requirements.