

Research Participation Compensation Procedures and Guidelines

STATEMENT OF POLICY

Provides the framework for the payment of compensation for participation in research projects, surveys, programs or studies to comply with IRS requirements.

PURPOSE

To establish procedures for payments made by Western Michigan University to individuals receiving compensation in university-affiliated research projects, surveys, programs or studies and to ensure compliance with federal regulations, ethical standards, and institutional requirements. The objectives are to:

- Acknowledge participants' contributions
- Ensure fair and equitable compensation
- Prevent coercion or undue influence
- Adhere to tax reporting obligations

COMPENSATION

The University has legal and fiduciary responsibilities to properly account for all payments made to individuals, be they employees, students, or external research subjects. Responsibility for financial management of human subject research rests with the department with oversight by the Principal Investigator (PI). Individuals in these roles should clearly understand the financial authority and institutional obligations.

Compensation refers to anything given to subjects as remuneration for the time and inconvenience of participation in research. Compensation can be monetary or non-monetary, and can be offered in a range of forms, including but not limited to cash, gift cards, tangible goods, course credit, or the opportunity to enter a drawing for a prize. Compensation is distinct from participant reimbursement, whereby researchers pay some or all of the subjects' costs for participation - e.g. transportation, parking, lodging, etc.

For all research, the method and value of compensation must be appropriate for the subject population and the research activities. What constitutes "appropriate" compensation for any study is determined by consideration of the research activities, subject population, and the cultural/social/political context in which the research will take place. In other words, some forms, amounts and methods of compensation may be appropriate for some individuals or groups, but not others.

Compensation cannot be so great that it entices participants to engage in any activity to which they are averse, or to act against their better judgment. All regulatory requirements and ethical principles must be considered when developing a compensation plan associated with any research protocol.

PAYMENT PROCESS

Compensation via Gift Cards

Gift cards may be utilized as a form of payment for amounts of \$100 or less per participant, subject to the following procedures and requirements:

- The Principal Investigator (PI) must complete the Authorization for the Purchase of Gift Card/Gift Certificate prior to purchase.
- Departments must obtain a Research Participant Compensation Form from all participants.
- Complete the Gift Card/Gift Certificate Disbursement Log of total gift cards purchased to what was distributed to each participant. Once research is complete or prior to the end of the calendar year, whichever comes first, send the log in an Excel version to Account Payable for processing (acctspay-dept@wmich.edu).
- For externally funded projects (Funds 25-30)
 - Use account code 1790 – Prepaid Expense if they will be distributed over a period of time.
 - Disbursement log must be sent to the Grants and Contracts Office quarterly for reconciliation. Upon receipt of complete documentation of expense, disbursements will be charged to the grant as an expense.

Gift cards are considered a cash equivalent and must be stored, tracked, and distributed with the same level of control as cash. Departments are responsible for implementing appropriate safeguards to prevent loss, theft, or misuse. Failure to maintain proper controls may result in financial and tax implications for the responsible individual or department.

If payments are not cleared with proper documentation within 30 days of study completion, the unaccounted amount will be included in the individual's salary as taxable income.

Compensation Over \$100 or Non-Gift Card Payments

If the payment is in excess of \$100 or gift cards are not utilized as a means of compensation, it first needs to be determined which category an individual falls into; employee, student, or external research subject.

Employee

Research compensation provided to a university employee must be processed through the [Incidental Pay Workflow](#) to ensure compliance with tax regulations and university policies. For the purposes of this policy, this **excludes student employees**. Additionally, no individuals should be hired for the purpose of participating in a research study. Research participation does not constitute employment, and compensation provided for participation does not establish an employer-employee relationship.

- Payments will be included in the employee's next regularly scheduled paycheck following approval and processing.
- Applicable taxes will be withheld at the time of payment in accordance with IRS regulations and university payroll policies.
- Compensation for research participation cannot be processed through accounts payable, gift cards, or direct cash payments for employees.

All research compensation for employees must be reviewed and approved prior to disbursement to ensure compliance with institutional and federal guidelines.

Student

All research compensation provided to students must be reviewed by the Student Financial Aid Office prior to payment to determine whether the payment should be included as part of the student's financial aid package or processed separately.

- If the payment is deemed financial aid eligible, it will be processed as part of the student's financial aid package and disbursed accordingly.
- If the payment is not considered financial aid, it will be processed through Accounts Payable. A [W-9](#) will be required for payment and the student may receive a Form 1099-MISC if total payments meet IRS reporting thresholds.

Researchers must ensure all student payments comply with institutional policies and federal financial aid regulations. Please refer to the [Student Payment Guidelines](#) document for further details on classification and processing.

External Research Subject

All research compensation provided to external individuals (non-employees and non-students) must be processed through Accounts Payable in accordance with university financial policies.

- A [W-9](#) form must be collected from the individual prior to payment to ensure proper tax reporting.
- Payments will be issued via check or electronic payment through the university's standard disbursement process.
- If total compensation meets IRS reporting thresholds, the recipient will receive a Form 1099-MISC for tax purposes.

Researchers must ensure that all external participant payments comply with university procurement and tax regulations.

OTHER CONSIDERATIONS AND IMPORTANT INFORMATION

- Research compensation provided to nonresident foreign nationals must comply with U.S. tax laws, immigration regulations, and university policies.
 - Please complete the [Payments To Foreign Nationals Department Checklist](#)
 - Payments are reported on IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, regardless of the dollar amount.
 - Due to special withholding requirements, University policy does not allow cash or cash equivalent (such as gift cards/certificates) payments to be paid to nonresident nationals.
 - All payments to nonresident nationals are subject to 30% federal income tax.
- For prizes and/or awards for monetary or non-monetary items, please fill out the [Prize Award Form](#) to ensure proper reporting and taxation occurs.
- Per IRS guidelines, annual payments of \$600 or more to non-employees require WMU to issue a Form 1099-MISC at the end of the calendar year.
- The Institutional Review Board (IRB) reviews the amount of payment, the proposed method, and timing of disbursement of payments investigators give to study participants to assure that they do not present undue influence (45 CFR 46.116).