Valdosta State University
Office of Sponsored Programs & Research Administration
Office Financial Services
Research Participant Payment Procedures

0.0 CONTENTS
1.0 Purpose
2.0 Protection of Research Participant Identity
3.0 Approval of Research Participant Payments
4.0 Research Participant Payment Procedures
5.0 Documentation and Funds Reconciliation

1.0 PURPOSE

Valdosta State University conducts research that requires participation of, and/or collection of information about, individuals, including members of the general public and VSU employees and students. Incentive payments may be necessary to ensure recruitment of a sufficient number of participants to guarantee statistical validity in quantitative research or to provide a rich sample in qualitative research. Compensation may be provided to acknowledge the time and expense incurred by the research participant and to encourage continued participation in multi-intervention studies. It should be noted that these payments are not gifts, nor are they benefits to the participant that accrue from participation in the research. The VSU Institutional Review Board (IRB) for the Protection of Human Research Participants determines appropriate incentives and/or compensation through its federally mandated research protocol review and approval process in accordance with guidelines provided by the U.S. Department of Health & Human Services, Office of Human Research Protections.

Research participant payments may be in the form of cash or store cards, or in certain cases made by check, and may be given to participants either in a single transaction or distributed over the course of the research project when multiple interventions or interactions with the participant occur. They may be given to each participant in a study, or a drawing may be held, with a prize given to a single entrant. Such research participant payments are considered income and are subject to Internal Revenue Service tax laws, requiring the University to establish and follow specific procedures in managing these funds. To meet the needs of the research community, including, where required, protecting the identity of research participant, to minimize administrative burden, and to comply with federal and tax reporting requirements and Georgia law, the following procedures for selecting a payment method, processing the payment, and maintaining required records are provided.

2.0 PROTECTION OF RESEARCH PARTICIPANT IDENTITY

2.1 Institutional Review Board Assurance of Federal Protections

Unless the researcher anticipates that the participant will receive payments (from all VSU sources) that will equal or exceed $600 during the calendar year, no identifying information will be released by the researcher for financial management and audit purposes when the VSU Institutional Review Board (IRB) for the Protection of Human Research Participants has determined that release of
identity presents risk of harm to the participants (45 CFR 46.111[a][7]). The three cases in which identities of research participants will not be released by the researcher are:

- When the IRB has waived documentation of informed consent because the consent form would be the only record linking the participant to the research and the principal risk would be potential harm resulting from a breach of confidentiality (45 CFR 46.117[c][1]);

- When sensitive biomedical, behavioral, clinical, or other research is being conducted under a Certificate of Confidentiality, which requires withholding from all persons not connected with the conduct of such research the names or other identifying characteristics of such individuals (Public Health Service Act §301[d], 42 U.S.C. §241[d]); and

- When the IRB otherwise determines that, because of the nature of the research, mere identification as a participant in a particular study could be damaging to the individual’s financial standing, employability, insurability, or reputation, put him/her at risk of civil or criminal liability, or place him/her at physical or psychological risk. Examples are studies that target specific populations such as individuals with sexually transmitted diseases, mental health conditions, or genetic markers that are predictive of disease; individuals who engage in illegal activities such as drug use or prostitution; and individuals whose safety and well-being may be compromised by association with the study, such as victims of rape or domestic violence or gang members who could be viewed by other gang members as “snitches.”

Determination of the level of confidentiality required as it relates to participant payments will be made by the IRB in accordance with federal law and regulations. The IRB also determines, through the protocol review and approval procedure, that the payment is appropriate for the level of risk and the requirements for participation so as not to be coercive.

2.2 Compliance with Internal Revenue Service Requirements

2.2.1 VSU Students and Members of the General Public as Research Participants (Except Nonresident Aliens)

If the protocol calls for participant payments that equal or exceed $600 per person during the calendar year, or if the researcher reasonably expects that the participant will receive $600 or more during the calendar year from all VSU sources (i.e., a “professional” research participant), the participant’s identity cannot be protected. In this case, a disclosure to the following effect must be included in the “Costs/Compensation” section of the informed consent form immediately following the description of the payment:

“The Internal Revenue Service considers this payment for participation in research to be taxable income. You will be required to give the researcher your full name, mailing address, and Social Security number if you wish to receive this payment. This identifying information will be shared with university business office staff. If you receive $600 or more from Valdosta State University for participating in this and/or any other research studies or activities during the calendar year, you will receive a 1099 Miscellaneous Income statement at the end of the year. In other words, although the private information collected from you during the study for research purposes will not be released by the researcher, your identification as a participant in this study will not be confidential. Your association with this
study will be public information and will be known to university business officials, external auditors, and the Internal Revenue Service. If you do not want your identity disclosed outside the research but still want to participate, you may do so by declining the payment, and the researcher will not release your identity or any information about you.”

2.2.2 VSU Faculty and Staff as Research Participants (Except Nonresident Aliens)

Because the Internal Revenue Service considers research payments as taxable income, the university’s extra compensation procedure must be utilized to compensate VSU faculty and staff for research participation. This necessitates identification of the individual as a research participant in a particular study. If VSU faculty or staff members will be recruited for participation in the study, a disclosure to the following effect must be included in the “Costs/Compensation” section of the informed consent form immediately following the description of the payment:

“The Internal Revenue Service considers this payment for research participation to be taxable income. You will be compensated through VSU’s lump sum compensation procedure, and the amount you receive will be included in your W-2 earnings statement at the end of the year. Thus, although the private information collected from you during the study for research purposes will not be released by the researcher, your identification as a participant in this study will not be confidential. Your association with this study will be public information and will be known to university business officials, external auditors, and the Internal Revenue Service. If you do not want your identity disclosed outside the research but still want to participate, you may do so by declining the payment, and the researcher will not release your identity or any information about you.”

2.2.3 Nonresident Aliens as Research Participants

According to U.S. tax laws, payments for research participation made to non-resident aliens (including foreign students) are subject to withholding, and federal tax must be withheld at the time of payment. The tax rate is 30%, unless exempt under some provision of law or a tax treaty. Payments made to non-resident alien research participants must be made by check. Such payment will be reported on Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding, regardless of the dollar amount. Therefore, participation of the non-resident alien in the research project cannot be confidential. The researcher must be mindful of this issue and alert any potential participant who may be a non-resident alien to the tax withholding requirement and the non-confidentiality of participation in the research. The researcher must not provide a cash payment or store card to such individual. In the event that a research protocol is specifically targeting international students and/or nonresident aliens for recruitment, this disclosure must be included in the informed consent document. Researchers anticipating payments to nonresident aliens should contact the Office of Financial Services for assistance prior to making any such payments.

2.3 Protection of Participant Identity under Georgia Transparency in Government Act
Georgia Senate Bill 300, the Transparency in Government Act, which passed during the 2008 legislative session and was signed by the governor in May 2008, requires state agencies and state institutions to extract all trade vendor payment data (vendor ID, vendor name, amount and number of payments) to the Department of Audits and Accounts (DOAA). The DOAA then makes these data available to the public via a searchable website. DOAA approved procedures allowing state agencies and state institutions to exclude from this extraction any payments related to human research participants subjects and/or the Health Insurance Portability and Accountability Act (HIPAA).

To ensure that participant identities are not inadvertently released to the public, researchers should charge all requests for payments to be made to participants by check (i.e., payments to participants who [a] are expected to receive more than $600 from all VSU sources in the current calendar year [b] are nonresident aliens) to:

General Ledger Expenditure Account: **727141** (Description: Other Operating – Participant Pay)

Use of this account will assist in identifying participant payments and will ensure that private information is not made available on any searchable public websites.

### 3.0 APPROVAL OF RESEARCH PARTICIPANT PAYMENTS

#### 3.1 Sponsored Projects (20000 Fund)

Research participant payments should be included in the proposal budget. If not included in the approved budget, sponsor approval, if required, to incentivize or compensate participants must be obtained prior to the expenditure of funds for this purpose. The Principal Investigator/Project Director (PI/PD) is responsible for ensuring that research participant payments are allowed by the sponsor. The PI/PD has signatory authority for requesting and approving expenditures for research participant payments from sponsored project accounts.

#### 3.2 University Funds

Tuition-generated funds (Funds 10500 and 10600) and recovered Facilities & Administration costs (F&A or “indirect costs” in Fund 15000) may be used for research participant payments. However, state appropriated dollars (Fund 10000) may not. The authorized budget manager of the account from which participant payments will be made must approve all requests and expenditures for such payments.

#### 3.3 Institutional Review Board Approval

No payments, regardless of source of funds (including the researcher’s personal funds) may be made to research participants without approval of the VSU Institutional Review Board (IRB) for the Protection of Human Research Participants. The type of payment, amount of payment, and frequency of payment must be described in the research protocol. The researcher may not make any changes in the approved participant payment plan without first securing a protocol modification approval from the IRB.

### 4.0 RESEARCH PARTICIPANT PAYMENT PROCEDURES
Payments may be made to each person participating in the research or as a prize awarded in a public drawing in which all potential participants may enter, whether or not they agree to enroll in the study. When issuance of a check is not required as specified in Section 2.0 above, payments may be in the form of cash or store cards, although the two business procedures used to access, manage, and reconcile funds for participant payments are both cash transactions.

4.1 Cash Payments

Cash for research participant payments may be obtained from the University in two different ways. Both require submission of a Request for Research Participant Payment Funds form. The procedure to be used is dependent upon the anticipated disbursement of the funds, as described below. *Researchers should not make payments to participants using their own personal funds and expect reimbursement from the institution.*

4.1.1 Petty Cash Funds

If the researcher expects to recruit and compensate participants over a period of time (exceeding 30 days), he/she should request petty cash funds by submitting the Request for Research Participant Payment Funds to Accounts Payable. A paper check, payable to the researcher, will be issued and available for pick-up in Financial Services. The researcher will cash the check to make cash payments to participants. When using a petty cash fund for participant payments, the researcher should draw funds only as needed to avoid keeping excess funds on hand. The funds on hand must be held separately and securely from all other institutional and personal accounts, and the researcher must account for the use of the funds weekly in accordance with Financial Services procedures. The researcher must also provide a complete written reconciliation when all funds have been expended and must agree to cooperate with any audits of petty cash funds. Financial Services guidelines for managing petty cash may be found at [http://www.valdosta.edu/finadmin/financial/PETTYCASHPROCEDURES.shtml](http://www.valdosta.edu/finadmin/financial/PETTYCASHPROCEDURES.shtml). Additional documentation required for petty cash reconciliation is described in Section 5.0.

4.1.2 Cash Advance

Alternately, if the researcher expects to recruit and compensate participants over a short period of time (all expenditures expected to occur within 30 days of receipt of funds), he/she should request a cash advance using the Financial Services PeopleSoft expense module. When the cash advance request is submitted electronically, the researcher should submit the approved Request for Research Participant Payment Funds to Accounts Payable as documentation for the request. A paper check, payable to the researcher, will be issued and available for pick-up in Financial Services. The researcher will cash the check and make cash payments to participants. The cash advance must be reconciled within 30 days in accordance with Financial Services procedures. Remaining funds must be reimbursed to the University; no time extension is permitted. Contact Financial Services for cash advance procedures. Additional documentation required for petty cash reconciliation is described in Section 5.0.

4.1.3 Store Card Option

VSU does not purchase store cards to be used as research participant payments. The researcher may opt to give participants store cards in lieu of cash payments. However, the
The researcher must use one of the cash procedures outlined in 4.1.1 and 4.1.2 above to secure the funds to purchase store cards and must provide documentation and reconciliation of funds as described in Section 5.0. The VSU Purchasing Card cannot be used to purchase store cards for research participant payments.

The researcher should conservatively estimate the number of cards needed, as most retail outlets do not allow redemption of unused cards for cash. If store cards remain after all participant payments have been made, the researcher must reimburse the University for the Value of the unused store cards. The cards will then belong to the researcher.

4.1.4 Lotteries, Raffles, and Other Games of Chance

The State of Georgia closely regulates the operation of lotteries, raffles, and other games of chance (collectively, “raffles” for purposes of these procedures). In Georgia, a raffle is defined as “any scheme or procedure whereby one or more prizes are distributed by chance among persons who have paid or promised consideration for a chance to win such prize” (O.C.G.A. § 16-12-22.1[b][3]). This definition is very broad and includes any procedure in which a prize is given away, as long as the participant is required to provide something of value (i.e., “consideration”) in exchange for the chance to win. Consideration can be the purchase of a raffle ticket or the giving of an individual’s time to participate in a research study. It is a misdemeanor of a high and aggravated nature, and in some instances a felony, to conduct a raffle (or aid in the operation of a raffle) without a license issued by a county sheriff in Georgia.

However, raffles may be conducted if persons are allowed to participate in the raffle without being required to provide any consideration. For example, in the research context, any person should be able to participate in the raffle, even those persons who are not participating in the research study itself, in order for the raffle to satisfy state laws. Accordingly, when a raffle may be conducive to a research study, the VSU IRB will review and approve the raffle procedures as part of the protocol review and approval process. The IRB will consult with VSU Legal Counsel regarding the legality of any planned raffle. Note that, because of the requirements of Georgia law, confidentiality of raffle winners cannot be promised.

If a researcher wishes to utilize a raffle as a means to encourage participation in research, he/she must adhere to the following provisions and explain the raffle procedures in the IRB application and, as applicable, in the “Procedures” section of the informed consent document(s):

- The research may not include activities that are more than minimal risk (i.e., the protocol must be reviewed in the “exempt” or “expedited review” categories);

- The raffle must be open to all individuals, whether they participate in the research or not. The researcher must provide the IRB with a comprehensive plan for how the public will learn of the research study, how the public may participate in the raffle, how the prize will be selected (i.e., date and time of the drawing, person who will conduct the drawing, etc.), how the recipient will be notified, how persons involved in the raffle may ultimately discover who received a prize, and other relevant information pertaining to the raffle;
- All persons who elect to participate in the raffle must have the same chance of winning the prize(s). The researcher must include statements that entry into the raffle is not contingent on participation in the research and that a person may remain eligible for the raffle even if he/she withdraws from a study or does not complete every question;

- Any raffle should only be open to those eighteen (18) years of age and older and who reside within the United States;

- The raffle must be conducted in a manner that does not compromise participant anonymity or confidentiality that is protected by other protocol methodology;

- The researcher must provide the IRB with information concerning the amounts and number of prizes involved in the raffle. Both the amounts and number of prizes must not be coercive or exert an undue influence on participants, and the disparity between subjects should be considered (i.e., it is preferable to have several lower value prizes than one higher prize because the disparity between subjects is reduced);

- The researcher, any co-researchers or research assistants named in the protocol, immediate family members (spouse, parents, siblings, and children) of such persons, and any other persons with a direct interest in the research study must be excluded from participation in the raffle; and

- The researcher must maintain records regarding the raffle along with other research-related documents.

5.0 DOCUMENTATION AND FUNDS RECONCILIATION

After making payments to participants in accordance with the approved IRB protocol, the researcher must document disbursement of the funds. After participants have been paid, the researcher must reconcile the petty cash fund or cash advance per instructions from Financial Services. He/she must include the documentation of payments and return any unexpended funds to the University. Note that large studies that continue over a long period of time may require periodic draw of petty cash funds.

5.1 Total Anticipated Payment(s) of Less than $600 per Individual per Calendar Year

5.1.1 Protection of Participant Identity Not Required

When there is no requirement to protect the identity of the participants, information to be collected by the researcher includes:
- Date of payment;
- Participant name;
- Amount paid (or value of store card); and
- Signature of participant;

A Research Participant Payment Log is provided for this purpose. Every payment should be logged when it occurs and the signature of the participant obtained. This log is auditable at any point and must be kept up to date. If petty cash was used, this log should be submitted to Financial Services weekly until expenditures are completed and the petty cash fund is reconciled and closed. If a cash advance was used, this log should be forwarded to Accounts
Payable after the expense report is filed through the PeopleSoft expense module; both the expense report and the log must be submitted within thirty (30) days of issuance of the cash advance.

5.1.2 Protection of Participant Identity **Required**

When the IRB prohibits disclosure of the participant’s identity, the researcher should obtain the participant’s signature on a completed **Confidential Research Payment Receipt**. This receipt should be kept confidential by the researcher and maintained in a secure location (preferably filed with research consent documents or with the participant code list) and retained for seven years after the expenditures are made per state financial records retention policy. (Other identifiable records, including consent documents, may be destroyed three years after the completion of the study per federal regulations governing human research.)

The **Research Participant Payment Log** should then be completed by the researcher to include the following information about payments:
- Date of payment;
- Participant study ID number or pseudonym (**not** the participant’s name); and
- Amount paid (or value of store card);

The participant’s name, signature, and/or any other identifiers should **not** be included on the Research Payment Log.

A receipt should be collected for every payment made to the participant, and the transaction should be recorded by the researcher on the Research Payment Log when it occurs. The log, but not the receipts signed by the participants, is auditable at any point and must be kept up to date. Any request for audit of the receipts signed by the participants will be addressed on a case-by-case basis in consultation with the IRB, which will consider “need to know” and which may require execution of non-disclosure agreements by individuals accessing the information outside of the research context.

If petty cash was used, the Research Payment Log should be submitted to Financial Services each week until expenditures are completed and the petty cash fund is reconciled and closed. If a cash advance was used, this log should be forwarded to Accounts Payable after the expense report is filed through the PeopleSoft expense module; both the expense report and the log must be submitted within thirty (30) days of issuance of the cash advance.

5.2 **Total Anticipated Payment(s) of $600 or More per Individual per Calendar Year**

As noted in Section 2.1.1 above, the identity of research participants expected to receive $600 or more from VSU from all sources during the calendar year cannot be protected because of the IRS requirement to report these payments as income. In this case, the researcher should use the **Research Participant Payment Log** to document payments. Required information for the log in this situation includes:
- Date of payment;
- Participant name;
- Participant’s mailing address
- Participant’s Social Security number;
- Amount paid (or value of store card); and
- Signature of participant
Every payment should be logged when it occurs, and the signature the participant obtained. This log is auditable at any point and must be kept up to date. If petty cash was used, this log should be submitted to Financial Services weekly until expenditures are completed and the petty cash fund is reconciled and closed. If a cash advance was used, this log should be forwarded to Accounts Payable after the expense report is filed through the PeopleSoft expense module; both the expense report and the log must be submitted within thirty (30) days of issuance of the cash advance.