

UCCS Controller's Procedure: Study Subject Payment Methods

Introduction

The purpose of the Study Subject Payment Methods procedure is to establish requirements for processing study subject payments with the intent to comply with research study privacy and IRS tax reporting obligations.

The University requires payments made to employees, in any amount, to be reported to Employee Services as they are generally tax reportable on W-2's. In addition, payments made to non-employees, in any amount, are reportable to the Procurement Service Center (PSC), Study Subject payments of \$100 or less using a gift card or online coordinator are exempt from reporting (Effective, May 1, 2024). Generally, the IRS requires the issuance of a form 1099 for each person paid at least \$600 for a calendar year. Lastly, payments made to a nonresident alien (NRA) (See references), in any amount, require a completed W-8BEN. These University & IRS requirements must be considered when processing study subject payments.

The Study Subject Payment Methods sets forth University requirements for processing study subject payments. These requirements include, when relevant, procedures to protect the privacy of individuals while still providing sufficient information to the University for Internal Revenue Service reporting. As a result, it is important to select a payment method that will meet the privacy requirements of the research study.

The University of Colorado pays individuals to participate in various types of studies. Some of these studies involve confidential health-related or human subject research, and those payments must be processed in accordance with federal law (the Health Insurance Portability and Accountability Act of 1996, or HIPAA, which requires protecting the privacy of personal health information) and with the rules and regulations established by the federal Office of Human Research (OHRP) for the conduct of studies involving human subjects. For additional information related to research involving human subjects go to the Office of Sponsored Programs and Research Integrity (OSPRI) website (Link to: [Research Involving Human Subjects IRB](#)).

NOTE: There is a confidentiality distinction between study subjects (non-confidential) and health-related/human subjects (confidential). This distinction determines how records are kept and how payments should be processed. This should be considered when selecting a payment method. In the following term study subject payments refers to both confidential and non-confidential study subject payments.

Please see [PSC Procedural Statement: Study Subject Payments](#) for additional information.

Procedure

Processing study subject payments are accomplished in one of the following payment methods discussed below.

The allowability chart summarizes the various types of payments allowed with each payment method and University reporting requirements to comply with IRS regulations.

Allowability Chart

	Type of Payment:				
	Employees (up to \$100)	Employees (> \$100)	Non-Employees (up to \$100)	Non-Employees (> \$100)	NRA (any amount)
Payment Method:					
Study Subject Payment (SSP) Form	YES	YES	YES	YES	YES
Petty Cash Fund	YES (See A)	YES (See A)	YES (See B)	YES (See B)	NO
Gift Cards	YES (See A)	NO	YES	NO	NO
Cash Advance	YES (See A)	YES (See A)	YES (See B)	YES (See B)	YES, with Approval
Online Coordinator	YES (See A)	NO	YES	NO	NO
NOTE:					
A) All payments to employees, in any amount, are reportable to Employee Services.					
B) All payments to non-employees, in any amount, are reportable to the PSC and require a completed W-9, excludes Study Subject payments using gift cards or online coordinators.					

A. Study Subject Payment Form

Study subjects can be paid using the [Study Subject Payment form](#), which is available on the [PSC Forms web site](#). The study subject payment form may be used to process payment to employees and non-employees, including nonresident aliens (See references), for any amount. All payments processed on the Study Subject Payment form are treated as if they are for confidential studies. This means that access to study subject personal information in the Finance System and in the Central Information Warehouse (CIW) is limited. The payee (study subject) name will appear in the Finance System and on reports simply as "Study Subjects." The individual's actual name will not appear in Finance Inquiry or on financial reports.

If the department has not previously paid an individual for a study, then the department must attach a completed paper W-9 (IRS form) for that individual to the Study Subject Payment form. (Note: If paying a University of Colorado employee/student, a W-9 form is not needed as long as the Employee/Student ID # is provided on the Study Subject Payment form.)

The department must maintain documentation—including study subject name (or code/number, for confidential studies)—to support the disbursement.

Study subject payments to nonresident aliens, in any amount, can only be made by physical check which requires a completed Study Subject Payment form for each payment, in addition to a completed W-8 BEN tax form. **THIS IS THE ONLY METHOD OF PAYMENT ALLOWED TO NONRESIDENT ALIENS.**

Please contact an international tax specialist at intltax@cu.edu in advance of the study to resolve any questions or concerns you may have related to payments to nonresident aliens.

B. Petty Cash Fund

Study subjects can be paid using a petty cash fund, established by the department to accommodate these payments. For all payments processed this way, only the reimbursement/replenishment of the petty cash fund appears in the Finance System, and not the names of the individual study subjects.

The department must maintain documentation—including study subject name (or code/number, for confidential studies)—to support the petty cash fund disbursement.

The rules and requirements for establishing and maintaining a petty cash fund are available in the [Finance Procedural Statement: Petty Cash and Change Funds](#). To establish a petty cash fund at UCCS the following is required:

- Organization must identify a petty cash custodian. The custodian is fiscally responsible for safeguarding the petty cash fund.
- Custodian Skillsoft training must be taken and passed by the custodian prior to approval of a petty cash fund.
- Organization must submit the Petty Cash/Change Fund Request form to acctfund@uccs.edu for review and approval.

Study Subject payments made to employees, in any amount, are tax reportable on Employees' W-2. The payments need to be reported to Employee Services at payroll@cu.edu.

Study subject payments made to non-employees, in any amount, are tax reportable and require a W-9. The payments need to be reported to the Procurement Services Center at PaymentReporting@cu.edu using the PSC Payment Reporting Form. It is recommended that payments be reported throughout the calendar year. However, all payments for the calendar year must be submitted no later than January 5th the following calendar year. Example: Reporting period 01/01/21 to 12/31/21, payments made during the reporting period must be submitted by 01/05/22.

Study subject payments to nonresident aliens (See references) are not allowed via a petty cash fund.

Contact acctfund@uccs.edu with questions and concerns related to establishing a petty cash fund at UCCS.

C. Gift Cards

Study subjects can be paid using cash-like methods such as gift cards, both tangible gift cards and intangible digital gift cards. Study subject payments made using gift cards cannot exceed \$100 per payment to an individual study subject. The preferred method of procurement for gift cards is the Procurement Card. Additional information related to procurement cards is available in the [Procurement Card Handbook](#).

The department must maintain documentation—including study subject name (or code/number, for confidential studies)—to support the disbursement.

The rules and requirements for gift card use is available in [Finance Procedural Statement: Gift Cards](#). To establish a gift card program at UCCS the following is required:

- Custodian Skillsoft training must be taken and passed by the custodian prior to approval of a gift card program.
- Organization must complete the Gift Card Authorization Form
- Organization must attach written procedures for the safeguarding of gift cards addressing the following per the Finance Procedural Statement: Gift Cards:
 - Custody
 - Security
 - Receipts (Issuance)
 - Audit Log
- Submit form and procedures to acctfund@uccs.edu for review and approval.

Study Subject payments greater than \$100 per payment to an individual study subject (employee or non-employee) are not allowed via gift cards.

Study Subject payments made to employees, in any amount, are tax reportable on Employees' W-2. The payments need to be reported to Employee Services at payroll@cu.edu.

Study subject payments to nonresident aliens (See references) are not allowed via gift cards.

Contact acctfund@uccs.edu with questions and concerns related to establishing a gift card program at UCCS. See the UCCS Controller's Office website for more information on [gift cards](#).

D. Cash Advance

Subject study payments that are associated exclusively with a specific trip can be considered part of the expenses for that trip and therefore can be accomplished through issuance of a cash advance, requested through the Concur Travel & Expense System.

Documentation submitted by the traveler upon conclusion of the trip will include identification of study subjects by name (or code/number, for confidential studies). Procedures for requesting cash advances to support expenses associated with official university travel are outlined in the [PSC Procedural Statement: Cash Advances](#).

Study Subject payments made to employees, in any amount, are tax reportable on Employees' W-2. The payments need to be reported to Employee Services at payroll@cu.edu.

Study subject payments made to non-employees, in any amount, are tax reportable and require a W-9. The payments need to be reported to the Procurement Services Center at PaymentReporting@cu.edu using the PSC Payment Reporting Form. It is recommended that reportable payments be reported throughout the calendar. However, all payments for the calendar year must be submitted no later than January 5th the following calendar year. Example: Reporting period 01/01/21 to 12/31/21, payments made during the reporting period must be submitted by 01/05/22.

Study subject payments to nonresident aliens (See references) are not allowed via Cash Advance without review and approval by the Employee Services' International Tax team prior to the cash advance request. Contact an international tax specialist at intltax@cu.edu in advance of the study to resolve any questions or concerns you may have related to payments to nonresident aliens.

E. Online Coordinators

Study subjects can be paid for through the use/services of an online coordinator, such as Amazon's Mechanical Turk. Such services coordinate entities that want to advertise tasks – e.g. surveys – with people who can sign up to perform the tasks and receive a payment. A CU Procurement Card is used to pay the participants and the coordinator's fees. Additional information related to procurement cards is available in the [Procurement Card Handbook](#). In addition, when using an online coordinator, it is required you contact your campus IT Security Risk and Compliance organization or individual (at UCCS contact.the.Information.Security.Officer) to initiate and complete a risk assessment for the supplier that has been selected. See the PSC [Information Technology Procurement Handbook](#) for more information related to online coordinators/crowdsourcing services.

If this method is used, the online coordinator must be able to provide a report showing who was paid and the amount they were paid as support for the transaction. In addition, the reports must be available upon request in the event of an audit or review. The coordinator must be able to ensure that nonresident aliens are not being paid to perform the advertised tasks.

To use an online coordinator for study subject payments at UCCS the following is required:

- Confirmation from the Information Security Officer that a Risk Assessment has been completed for the Online Coordinator.
- A completed Online Coordinator Form or
- Submit the following information to the Controller's Office:
 - Name of online coordinator.
 - Funding source (Speedtype)
 - Program start and end dates.
 - Total cost to use online coordinator.
 - Amount of service charge or fee, if applicable.
 - Amount received by each study subject calendar year.
 - Amount of each study subject payment.
 - The purpose of the study subject payment.
 - An attestation that the following is true of the program:
 - No payments will be made to non-resident aliens (See references),
 - No individual will receive greater than \$100 in a calendar year, and
 - Supporting reports will be made available.
- Submit the form or information to acctfund@uccs.edu for review and approval.

Study Subject payments greater than \$100 per payment to an individual study subject (employee or non-employee) are not allowed via online coordinators.

Study Subject payments made to employees, in any amount, are tax reportable on Employees' W-2. The payments need to be reported to Employee Services at payroll@cu.edu.

Study subject payments to nonresident aliens (See references) are not allowed via online coordinators.

Contact the Controller's Office acctfund@uccs.edu with questions and concerns related to using an online coordinator at UCCS.

Special Note on Travel Reimbursements to Study Subjects, Human Research Participant Costs

Human Research Participant costs such as travel and/or per diem-related reimbursements should be reasonable, given the nature of the expense(s) requested for reimbursement. It is recommended that travel reimbursement policies applicable to employees of the University be applied to study subjects. Thus, for example, reimbursement for alcohol would not be appropriate, and reimbursement for airfare would be expected to be at economy or coach fare rather than first class. Departments should exercise particular attention with reimbursements when federal funds are used for study subject expenses and payments. Reimbursement policies should be made known in advance for potential human research participant costs.

Participant Support Cost vs Human Research Participant

The following are important terms and definitions that require consideration when discussing costs associated with participants and human research participants (aka, human subjects and study subjects).

Participant Support Costs:

- Include direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects (2 CFR 200.1). This does not include NIH Kirschstein-NRSA programs.
- A participant is the recipient of a service or training opportunity as part of a workshop, conference, seminar, or other short-term instructional or information sharing activity funded by a sponsored award.
- Participants may be, but are not limited to, students, scholars, scientists from other institutions, or teachers.
- Participant support costs do not include expenses incurred to incentivize or enable human research participants (study subjects) to participate in studies, such as gift cards, stipends, dependent care costs, parking fees and transportation.
- Participant support costs are not considered compensation. As a result, the \$100 reporting limit does not apply.

Human Research Participant (Human or Study Subject):

- A living individual from whom an investigator (whether professional or student) conducting research obtains data through the following methods:
 - An intervention, interacting with the individual and using, studying, or analyzing the information or biospecimens, or
 - Obtaining, using, studying, analyzing, or generating identifiable private information or identifiable biospecimens (adapted from 45 CFR 46.102).

References:

Nonresident alien (NRA): Any individual who is not a citizen or resident alien of the United States is a nonresident alien individual. An alien individual meeting either the "green card test" or the "substantial presence test" for the calendar year is a resident alien. Any person not meeting either test is a nonresident alien individual.

(2024, April 14). Instructions for Form W-8Ben (10/2021).

https://www.irs.gov/instructions/iw8ben#en_US_202109_publink1000311804

See Publication 519, US Tax Guide for Aliens, for more information.

Resources:

- [PSC Procedural Statement: Study Subject Payments](#)
- [Study Subject Payment form](#)
- [Finance Procedural Statement: Petty Cash and Change Funds](#)
- [Finance Procedural Statement: Gift Cards](#)
- [PSC Procedural Statement: Cash Advances](#)
- [Procurement Card Handbook](#)
- [Information Technology Procurement Handbook](#)
- OSPRI: [Research Involving Human Subjects IRB](#)
- OSPRI: [Guidance for Human Subjects Compensation](#)
- [Employee Services: Imputed Income](#)