

**University Enterprises Corporation  
Sponsored Programs  
Incentive Payments Procedure  
December 8, 2016**

**Background**

CSUSB and University Enterprises Corporation at CSUSB (UEC) may have a need to provide incentive payments for students and other campus community members who participate in research projects (human subjects) initiated by faculty. Incentive payments are intended as a motivating influence to participants and therefore directly benefit the research project. The incentives are typically small amounts and can consist of checks, cash, vendor gift cards, or adding funds to a Coyote One Card. The Coyote One Card can be spent at the campus bookstore, dining venues, and other areas on campus that utilize the Coyote One Card as a form of payment.

Providing such incentive payments to individuals participating in research projects is allowed if specified in the approved budget. In addition, the CSUSB Institutional Review Board (IRB) is required to approve in advance, the method and amount of incentive to any human subject research participant. Incentive payments are not allowable as payments for the exchange of services (wages, salaries), due to taxation issues. Incentive payments are also not allowable in lieu of participant support payments or stipends, due to reporting issues with CSUSB Financial Aid.

**Procedure**

**Section One - Incentive payments to research participants utilizing the Coyote One Card**

Campus administration has established the addition of funds to a Coyote One Card as the primary option for providing incentives to campus research participants.

Authorized signers on the grant will initiate the transaction by completing the *Coyote One Card Transaction Request Form*. Once completed, the form should be forwarded to the assigned Sponsored Programs Administration Research Analyst for that particular program to ensure 1) it is allowable 2) it is included in the approved project budget, and 3) funds are available. Please provide the total dollar amount anticipated to be issued for the specific project and a brief description of the purpose (e.g. incentives for student participants involved in research project).

After approval from the respective Research Analyst, the form is forwarded to the Auxiliary Financial Services Office for processing. The Coyote One Card Transaction Request Form has not yet been developed. In the interim, Auxiliary Accounting will accept a spreadsheet identifying the student name, student ID number, amount to be added, and the chart field to charge the expense.

Procedure:

<b>Step</b>	<b>Responsible</b>	<b>Action</b>
Step 1	Principal Investigator	Prints and completes form " <i>Coyote One Card Transaction Request Form</i> ".
Step 2	Principal Investigator	Submits completed form with supporting documentation to Sponsored Programs Administration.
Step 3	Sponsored Programs	Research Analyst verifies expense is allowable, in the approved project budget, funds are available, and chart field is provided. Forwards completed form with supporting documentation to Auxiliary Accounting Accounts Payable.
Step 4	Auxiliary Accounting	Adds the approved funds to the Coyote One Card for each participant.
Step 5	Auxiliary Accounting	Issues Form 1099 to research participants at the end of the year if incentive payments exceed \$600.

## **Section Two - Other methods of incentive payments to research participants**

### **1. Check Payments to Research Participants**

Research participants receiving incentive payments are required to complete the form "*Receipt for Incentive Payments to Research Participants*" (*Attachment 1*). Auxiliary Accounting will then issue a check and mail it to the research participants.

Procedure:

<b>Step</b>	<b>Responsible</b>	<b>Action</b>
Step 1	Principal Investigator	Prints form " <i>Receipt for Incentive Payments to Research Participants</i> " and provides one form to each research participant.
Step 2	Research Participant	Completes the form " <i>Receipt for Incentive Payments to Research Participants</i> ".
Step 3	Principal Investigator	Submits a Disbursement Authorization and all completed forms as supporting documentation to Sponsored Programs Administration.
Step 4	Sponsored Programs	Research Analyst verifies expense is allowable, in the approved project budget, funds are available, and chart field is provided. Forwards completed form with supporting documentation to Auxiliary Accounting Accounts Payable.
Step 5	Auxiliary Accounting	Issues checks to research participants.
Step 6	Auxiliary Accounting	Issues Form 1099 to research participants at the end of the year if incentive payments exceed \$600.

## 2. Minor Cash Incentive Payments (<=\$50) to Research Participants

Cash payments up to \$50 can also be used as an incentive payment for research participants.

Procedure:

Step	Responsible	Action
Step 1	Principal Investigator	Submits an "Advance Request" (Attachment 2) for the total amount of participant payments to Sponsored Programs Administration. (See note 2)
Step 2	Sponsored Programs	Research Analyst verifies expense is allowable, in the approved project budget, funds are available, and chart field is provided. Forwards completed form with supporting documentation to Auxiliary Accounting Accounts Payable.
Step 3	Auxiliary Accounting	Issues a check to the Principal Investigator.
Step 4	Principle Investigator	Prints form "Receipt for Incentive Payments to Research Participants" and provides one form to each research participant.
Step 5	Research Participant	Completes form "Receipt for Incentive Payments to Research Participants".
Step 6	Principal Investigator	Exchanges payment with the Research Participant for completed form.
Step 7	Principal Investigator	Submits signed forms to Auxiliary Accounting Accounts Payable to clear advance.

\* In the case of numerous recipients, the "Receipt for Incentive Payments to Research Participants" forms may be replaced with a spreadsheet containing the same information.

Note 1 - Minor Cash Incentive Payments may be used only for U.S. citizens and resident aliens. All payments to nonresident aliens must be processed according to the procedure for regular incentive payments (see Section One).

Note 2 – Principal Investigators are limited to one advance at a time. Outstanding advances have to be cleared before a second advance request can be processed.

## 3. Gift Cards to Research Participants (<\$100)

In lieu of cash, research participants can also receive gift cards up to a total value of \$100 per participant. Gift cards purchased at the campus bookstore as a means of incentives to campus research participants will be charged a 9% administration fee. This fee will be charged to the grant.

Procedure:

Step	Responsible	Action
Step 1	Principal Investigator	Submits an “ <i>Advance Request</i> ” for the total amount of participant payments to Sponsored Programs Administration. (See note 1)
Step 2	Sponsored Programs	Research Analyst verifies expense is allowable, in the approved project budget, funds are available, and chart field is provided. Forwards completed form with supporting documentation to Auxiliary Accounting Accounts Payable.
Step 3	Auxiliary Accounting	Issues a check to the Principal Investigator.
Step 4	Principle Investigator	Prints form “ <i>Receipt for Incentive Payments to Research Participants</i> ” and provides one form to each research participant.
Step 5	Research Participant	Completes form “ <i>Receipt for Incentive Payments to Research Participants</i> ”.
Step 6	Principal Investigator	Exchanges gift card with the Research Participant for completed form.
Step 7	Principal Investigator	Submits signed forms to Auxiliary Accounting Accounts Payable to clear advance.

Note 1 – Principal Investigators are limited to one advance at a time. Outstanding advances have to be cleared before a second advance request can be processed.

**Online Gift Cards (Amazon, etc.):** Some online merchants offer gift cards to be purchased and sent to the recipient online directly. This may create issues of not having sufficient supporting documentation for audit purposes. As a result the Principal Investigator must make their best faith effort to receive a signed “*Receipt for Incentive Payments to Research Participants*” form to each research participant. If this is not possible the PI must certify in writing that the gift card was provided to the participant.

#### 4. Confidential Cash Payments to Research Participants

For some research federal regulations require strict confidentiality for the human subjects involved. Nothing that would allow specific identification of a person or persons can be used. Auxiliary Accounting cannot directly issue a check to an individual without a breach of confidentiality. These research participants will therefore receive cash payments.

Procedure:

Step	Responsible	Action
Step 1	Principle Investigator	Contacts Auxiliary Accounting Accounts Payable to request an "Exception to Requirement for Social Security Number" letter from the UEC Executive Director.
Step 2	Principal Investigator	Submits an Advance Request to Sponsored Programs Administration for an advance payment of the total amount of participant payments.
Step 3	Sponsored Programs	Research Analyst verifies expense is allowable, in the approved project budget, funds are available, and chart field is provided. Forwards completed form with supporting documentation to Auxiliary Accounting Accounts Payable.
Step 4	Auxiliary Accounting	Issues a check to the Principal Investigator.
Step 5	Principal Investigator	Prints form "Confidential Payments to Research Participants" (Attachment 3) and provides one form to each research participant.
Step 6	Research Participant	Completes the form "Confidential Payments to Research Participants". No name, address, or social security number is required on these forms. The participants may sign or initial for the receipt.
Step 7	Principal Investigator	Exchanges payment with the Research Participant for the completed form.
Step 8	Principal Investigator	Submits the signed forms and a copy of the letter "Exception to Requirement for Social Security Number" to Auxiliary Accounting Accounts Payable to clear advance.

\* In the case of numerous recipients, the "Confidential Payments to Research Participants" forms may be replaced with a spreadsheet containing the same information.

Note 1 - Confidential payments to a research participant cannot exceed \$600 or more in a calendar year. In that case, the name, address, social security number, and total amount paid must then be reported so that a 1099 Misc form is issued at year-end.

Note 2 - Confidential Cash Incentive Payments may be used only for U.S. citizens and resident aliens. All payments to nonresident aliens must be processed according to the procedure for regular incentive payments (see Section One).

### **Taxability / IRS Reporting (>\$600)**

The Internal Revenue Service classifies incentive payments to research participants as Other Income and requires that they be reported on a 1099 Misc form if the total payments to an individual are \$600 or more in a calendar year.

The Principal Investigator is responsible for tracking and reporting to the UEC if an individual is paid \$600 or more in a calendar year, so UEC can issue a 1099 Misc form at year-end.